Independent Auditor's Report

To the Members of Reliance Bhutan Limited

Report on the Standalone Financial Statements

Opinion

We have audited the accompanying Standalone financial statements of Reliance Bhutan Limited ("*the Company*") which comprises the Balance Sheet as at March 31, 2019, the Statement of Profit and Loss, (statement of changes in equity) and statement of cash flows for the year then ended, and notes to the financial statements, including 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 standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, and profit/loss, (changes in equity) and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities 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 together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibility of Management for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance, (changes in equity)[i] and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the accounting Standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate implementation and maintenance of 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.

Report on Other Legal and Regulatory Requirements

As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the 'Annexure A' a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

As required by Section 143(3) of the Act, we report that:

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.

a. 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 [and proper returns adequate for the purposes of our audit have been received from the branches not visited by us.

b. The reports on the accounts of the branch offices of the Company audited under Section 143(8) of the Act by branch auditors have been sent to us and have been properly dealt with by us in preparing this report.

c. The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.

d. In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

e. On the basis of the written representations received from the directors as on 31st March, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2019 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 B'.

g. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, 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 as at March 31, 2019

    ii. The Company did not have any long-term contracts including derivative contracts as at 31st March, 2019 for which there were any material foreseeable losses; and

    iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the year ended March 31, 2019.

For Priti V Mehta & Co
Chartered Accountants
Firm Regn.No. 129568W

Priti V.Mehta
(Proprietor)
M. No. 130514

Place: Mumbai
Date: May 24, 2019

Reliance Bhutan Limited

Annexure A to Independent Auditor's Report – 31st March 2019

With reference to the 'Annexure A' referred to in the Independent Auditors' Report to the Members of Reliance Bhutan Limited ('the Company') on the financial statements for the year ended March 31, 2019, we report the following:

1. The company does not have fixed assets as on 31st March 2019. Accordingly paragraphs 1(a), (b) and (c) of the orders are not applicable to the company.

2. The Company does not have inventories at the end of financial year. Accordingly paragraphs 2 of the orders are not applicable to the company.

3. The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other covered in the register maintained under section 189 of the Act. Accordingly paragraphs 3(iii) (a), (b) and (c) of the Order are not applicable to the Company.

4. In our opinion and according to the information and explanations given to us, the company has not given loans, investments, guarantees, and any security under provisions of section 185 and 186 of the Companies Act, 2013. Accordingly, Paragraph 3(iv) of the Order is not applicable to the Company.

5. In our opinion, and information and explanations given to us, the Company has not accepted deposits as per directives issued by the Reserve Bank of India under the provisions of Section 73 to 76 or any other relevant provisions of the Act and the rules framed there under. Accordingly, Paragraph 3(v) of the Order is not applicable to the Company.

6. The Central Government has not prescribed maintenance of cost records under Sub-Section (1) of section 148 of the Companies Act, 2013. Accordingly the clause 3(vi) is not applicable.

7. According to the information and explanation given to us and on the basis of our examination of the records of the company, the Company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, goods and services tax, income tax, cess, and other material statutory dues applicable to the Company. According to the information and explanations given to us, no undisputed amounts payable in respect of goods and services tax, income tax, and cess were in arrears as at March 31, 2019for a period of more than six months from the date they became payable.

8. The company has not raised loans from Financial Institutions or Banks or Government or debenture holders. Hence clause 3(viii) of the order requiring comment on repayment of the dues to them is not applicable.

9. In our opinion and according to the information and explanations given to us, the company has not raised money by way of Initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, the provision of Clause 3(ix) of the order is not applicable to the company.

10. According to the information and explanations given to us, no significant fraud on or by the company by its officers or employees, that causes a material misstatement to the financial statements, has been noticed or reported during the year.

11. According to the information and explanations given to us, the company has not paid or provided managerial remuneration during the year. Accordingly, the provision of Clause 3(xi) of the order is not applicable to the company.

12. As the company is not the Nidhi company, the provision of Clause 3(xii) of the order is not applicable to the company.

13. According to the information and explanations given to us, the company has made all the transactions with the related parties in compliance with sections 177 & 188 of Companies Act and the details have been disclosed in the Financial Statements as required by the applicable Accounting Standards.

14. According to the information and explanations given to us, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year as per section 42 of the Companies Act.2013. Accordingly, the provision of Clause 3(xiv) of the order is not applicable to the company.

15. According to the information and explanations given to us, the company has not entered into any non cash transactions with the directors or persons connected with them as per section 192 of Companies Act, 2013.

16. The company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the clause 3(xvi) is not applicable.

For Priti V Mehta & Co
Chartered Accountants
Firm Regn.No. 129568W

Priti V.Mehta
(Proprietor)
M. No. 130514

Place: Mumbai
Date: May 24, 2019

Annexure B to Independent Auditor's Report – 31st March 2019 on the Financial Statements of Reliance Bhutan Limited

Report on the Internal Financial Controls 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 Reliance Bhutan Limited ('the Company') as of March 31, 2019 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

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

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

Annexure B to Independent Auditor's Report – 31st March 2019 on the Financial Statements of Reliance Bhutan Limited

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles.

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2019, based on "the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India".

For Priti V Mehta & Co
Chartered Accountants
Firm Regn.No. 129568W

Priti V.Mehta
(Proprietor)
M. No. 130514

Place: Mumbai
Date: May 24, 2019

Reliance Bhutan Limited

Balance Sheet as at March 31, 2019

(Amount in ₹)

	Notes		As at March 31, 2019		As at March 31, 2018
ASSETS					
Non Current Assets					
(a) Income Tax Assets (net)	**2.01**		**19 936**		18 178
Current Assets					
(a) Financial Assets					
(i) Investments	**2.02**	200 00 00 000		200 00 00 000	
(ii) Cash and Cash Equivalents	**2.03**	5 34 627	**200 05 34 627**	5 03 934	200 05 03 934
(b) Other Current Assets	**2.04**		**14 799**		25 828
Total Assets			**200 05 69 362**		200 05 47 940
EQUITY AND LIABILITIES					
Equity					
(a) Equity Share Capital	**2.05**	5 00 000		5 00 000	
(b) Other Equity	**2.06**	(4 94 822)	**5 178**	(4 81 365)	18 635
Liabilities					
Current Liabilities					
(a) Financial Liabilities					
(i) Borrowings	**2.07**	200 05 02 339		200 04 47 239	
(b) Other Current Liabilities	**2.08**	61 845	**200 05 64 184**	82 066	200 05 29 305
Total Equity and Liabilities			**200 05 69 362**		200 05 47 940

Significant Accounting Policies **1**
Notes to the Financial Statements **2**

Notes referred to above form an integral part of the Financial Statements.

As per our Report of even date
For **Priti V Mehta & Co**
Chartered Accountants
Firm Registration No 129568W

For and on behalf of the Board

Rakesh Kumar Gupta
Director
DIN No :- 00130829

Priti V Mehta
Proprietor
Membership No. 130514

Parmeshwar Dayal Sharma
Director
DIN No:- 03595827

Place : Mumbai
Date :- May 24, 2019

Reliance Bhutan Limited

Statement of Profit and Loss for the year ended March 31, 2019

(Amount in ₹)

		Notes	For the year ended March 31, 2019	For the year ended March 31, 2018
I	**INCOME**			
	Other Income	**2.09**	**20 883**	32 072
	Total Income		**20 883**	32 072
II	**EXPENDITURE**			
	General and Administrative Expenses	**2.10**	**28 910**	32 511
	Total Expenses		**28 910**	32 511
III	**Profit /(Loss) Before Tax (I- II)**		**(8 027)**	**(439)**
IV	Tax expense:			
	- Current Tax		**5 430**	8 259
	- Short/ (Excess) provision of earlier years		**-**	9 758
V	**Profit/ (Loss) After Tax**		**(13 457)**	**(18 456)**
VI	**Other Comprehensive Income**		**-**	**-**
VII	**Total Comprehensive Income**		**(13 457)**	(18 456)
	Earning per share of face value of ₹ 10 each for fully Paid	**2.12**		
	Basic (₹)		**(0.27)**	(0.37)
	Diluted (₹)		**(0.27)**	(0.37)
	Significant Accounting Policies	**1**		
	Notes to the Financial Statements	**2**		

Notes referred to above form an integral part of the Financial Statements.

As per our Report of even date
For Priti V Mehta & Co
Chartered Accountants
Firm Registration No 129568W

For and on behalf of the Board

Rakesh Kumar Gupta
Director
DIN No :- 00130829

Priti V Mehta
Proprietor
Membership No. 130514

Parmeshwar Dayal Sharma
Director
DIN No:- 03595827

Place : Mumbai
Date :- May 24, 2019

Reliance Bhutan Limited

Statement of Change in Equity for the year ended March 31, 2019

(Amount in ₹)

A Equity	**For the year ended March 31, 2019**	For the year ended March 31, 2018
Balance at the beginning of the year	**5 00 000**	5 00 000
Change in equity share capital during the year	**-**	-
Balance at the end of the year	**5 00 000**	5 00 000

B Other Equity

Surplus/ (Deficit) in statement of Profit and Loss

Particular	**Retained Earnings**
Balance of Profit/ (Loss) as at April 1,2017	(4 62 909)
Add : Profit \ (Loss) for the year	(18 456)
Balance Profit/ (Loss) as at March 31, 2018	(4 81 365)
Add : Profit \ (Loss) for the year	(13 457)
Balance Profit/ (Loss) as at March 31, 2019	**(4 94 822)**

As per our Report of even date
For Priti V Mehta & Co
Chartered Accountants
Firm Registration No 129568W

For and on behalf of the Board

Rakesh Kumar Gupta
Director
DIN No :- 00130829

Priti V Mehta
Proprietor
Membership No. 130514

Parmeshwar Dayal Sharma
Director
DIN No:- 03595827

Place : Mumbai
Date :- May 24, 2019

Reliance Bhutan Limited

Statement of Cash Flow for the year ended March 31, 2018

					(Amount in ₹)
			For the year ended March 31, 2019		For the year ended March 31,2018
A	**CASH FLOW FROM OPERATING ACTIVITIES**				
	Net Profit /(Loss) before tax as per Statement of Profit and Loss		**(8 027)**		(439)
	Adjusted for:				
	Interest on Fixed Deposit with Bank		**(20 883)**		(32 072)
	Operating Profit before Working Capital Changes		**(28 910)**		(32 511)
	Adjusted for:				
	Receivables and other Advances	-		5 380	
	Other Current Liabilities	(20 221)	**(20 221)**	7 836	13 216
	Cash (used in) / Generated from Operations		**(49 131)**		(19 295)
	Tax Refund		**-**		-
	Tax Paid		**(7 188)**		(20 980)
	Net Cash used in Operating Activities		**(56 319)**		(40 275)
B	**CASH FLOW FROM INVESTING ACTIVITIES**				
	Interest on Fixed Deposit with Bank		**31 912**		36 701
	Net Cash Generated from Investing Activities		**31 912**		**36 701**
C	**CASH FLOW FROM FINANCING ACTIVITIES**				
	Proceeds from Short Term Borrowings		**55 100**		29 773
	Net Cash from Financing Activities		**55 100**		29 773
	Net Increase/ (Decrease) in Cash and Cash Equivalents		**30 693**		26 199
	Opening Balance of Cash and Cash Equivalents		**5 03 934**		4 77 735
	Closing Balance of Cash and Cash Equivalents		**5 34 627**		5 03 934

Note:

i Cash and Cash Equivalent includes cash on hand, cheques on hand, remittances- in-transit and bank balance including Fixed Deposits with Banks.

ii Cash Flow Statement has been prepared under the Indirect Method set out in Indian Accounting Standard 7 "Statement of Cash Flow".

As per our Report of even date
For Priti V Mehta & Co
Chartered Accountants
Firm Registration No 129568W

For and on behalf of the Board

Rakesh Kumar Gupta
Director
DIN No :- 00130829

Priti V Mehta
Proprietor
Membership No. 130514

Parmeshwar Dayal Sharma
Director
DIN No:- 03595827

Place : Mumbai
Date :- May 24, 2019

Reliance Bhutan Limited

Notes on Accounts to the Financial Statement as at March 31, 2019

1. General Information and Significant Accounting Policies

1.01 General Information

Realsoft Bhutan Limited (“the Company”), is registered under Companies Act 1956 and having Registered Office at H Block, 1st Floor, Dhirubhai Ambani Knowledge City, Navi Mumbai 400710. The Company is wholly owned subsidiary of Reliance Infratel Limited.

1.02 Basis of Preparation of Financial Statements

The Financial Statements are prepared under historical cost convention except for certain financial instruments measured at fair value, in accordance with the generally accepted accounting principles (GAAP) in India and in compliance with the Indian Accounting Standards (Ind AS) specified under Section 133 of the Companies Act, 2013 ("the Act") read with Rule 3 of the Companies (Indian Accounting Standards) Rules 2015, the Companies (Indian Accounting Standards) Amendment Rules 2016 and other provisions of the Act to the extent notified and applicable, as well as applicable guidance note and pronouncements of the Institute of Chartered Accountants of India (ICAI).

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in Schedule III to the Act. Based on the nature of the services and their realisation in cash & cash equivalents, the Company has ascertained its operating cycle as twelve months for the purpose of current or non-current classification of assets and liabilities.

1.03 Recent Accounting Developments

Standards issued but not yet effective:

Recent pronouncements relating to Ind AS 116 "Leases", Ind AS 12 " Income Tax"and Ind AS 19 "Employee Benefits" issued by the Ministry of Corporate Affairs (the MCA), Government of India (GoI), applicable with effect from April 1, 2019, does not have any impact on Financial Statements of the Company.

1.04 Use of Estimates

The preparation and presentation of Financial Statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities and disclosure of contingent liabilities on the date of the Financial Statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates is recognised in the period in which the results are known / materialised. Estimates and underlying assets are reviewed on periodical basis. Revisions to accounting estimates are recognised prospectively.

The preparation of financial statements require the use of accounting estimates which, by definition, will seldom equal the actual results. The management also needs to exercise judgement in applying the accounting policies.

This provides an overview of the areas that involved a higher degree of judgement or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be different than those originally assessed. Detailed information about each of these estimates and judgements is included in relevant notes together with information about the basis of calculation for each affected line item in the financial statements.

Critical estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures including the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require an adjustment to the carrying amount of assets or liabilities in future periods. Difference between actual results and estimates are recognised in the periods in which the results are known / materialise.

The Company has based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

Management periodically evaluates positions taken in the tax returns giving due considerations to tax laws and establishes provisions in the event if required as a result of differing interpretation or due to retrospective amendments, if any.

Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Company and that are believed to be reasonable under the circumstances.

1.05 Functional Currency and Presentation Currency

These financials statements are presented in Indian Rupees ("Rupees" or "₹") which is functional currency of the Company.

1.06 Borrowing Costs

Borrowing costs that are attributable to the acquisition, construction or production of qualifying assets are capitalised as part of the cost of such assets up to the commencement of commercial operations. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use. Other borrowing costs are recognised as expense in the year in which they are incurred.

1.07 Revenue Recognition and Receivables

i) Revenue is recognised when control over goods or services is transferred to a customer. A customer obtains control when he has the ability to direct the use of and obtain the benefits from the good or service, there is transfer of title, supplier has right to payment etc. – with the transfer of risk and rewards now being one of the many factors to be considered within the overall concept of control.

ii) The Company determines whether revenue should be recognised ‘over time’ or ‘at a point in time’.

iii) Interest income on investment is recognised on time proportion basis. Interest income is accounted using the applicable Effective Interest Rate (EIR), which is the rate that exactly discounts estimated future cash receipts over the expected life of the financial assets to that asset’s net carrying amount on initial recognition.

1.08 Taxation

Provision for income tax is made on the basis of taxable income for the year at current rates. Tax expense comprises of Current Tax and Deferred Tax at the applicable enacted or substantively enacted rates. Current tax represents the amount of Income Tax payable / recoverable in respect of the taxable income/loss for the reporting period. Deferred tax represents the effect of temporary difference between the carrying amount of assets and liabilities in the financial statement and the corresponding tax base used in computation of taxable income. Deferred Tax Liabilities are generally accounted for all taxable temporary differences. The deferred tax asset is recognised for all deductible temporary differences, carried forward of unused tax credits and unused tax losses, to the extent it is probable that taxable profit will be available against which those deductible temporary differences can be utilised. MAT credit is recognised as an asset only if it is probable that the Company will pay normal income tax during the specified period.

1.09 Provisions, Contingent Liabilities and Contingent Assets

Provisions involving substantial degree of estimation in measurement are recognised when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. 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 but disclosed in the financial statements, when economic inflow is probable.

1.10 Earning per Share

In determining Earning per Share, the Company considers the net profit or loss after tax and includes the post tax effect of any extraordinary/ exceptional item. Number of shares used in computing Basic Earning per Share is the weighted average number of shares outstanding during the period. Dilutive earning per share is computed and disclosed after adjusting effect of all dilutive potential equity shares, if any except when results will be anti dilutive. Dilutive potential Equity Shares are deemed converted as of the beginning of the period, unless issued at a later date.

1.11 Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial Assets

Classification

(i) The Company classifies financial assets as subsequently measured at amortised cost, fair value through other comprehensive income or fair value through profit or loss on the basis of its business model for managing the financial assets and the contractual cash flows characteristics of the financial asset.

(ii) In determining the fair value of its financial instruments, the Company uses a variety of methods and assumptions that are based on market conditions and risk existing at each reporting date. The method used to determine fair value include discounted cash flow analysis, available quoted market price. All method of assessing fair value result in general approximation of value, and such value may never actually be realized. For all other financial instruments the carrying amounts approximate fair value due to the short maturity of those instruments.

(iii) **Initial recognition and measurement**

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

(iv) **Financial Assets measured at amortised cost:**

Financial assets are measured at amortised cost when asset is held within a business model, whose objective is to hold assets for collecting contractual cash flows and contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest. Such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. The losses arising from impairment are recognised in the profit or loss.

(v) **Financial Assets measured at fair value through profit or loss (FVTPL):**

Financial assets under this category are measured initially as well as at each reporting date at fair value with all changes recognised in the Statement of Profit and Loss.

(vi) **Investment in Mutual Funds:**

A Mutual fund is measured at amortised cost or at FVTPL with all changes recognised in the Statement of Profit and Loss.

(vii) **Derecognition of Financial Assets**

A financial asset is primarily derecognised when the rights to receive cash flows from the asset have expired or the Company has transferred its rights to receive cash flows from the asset.

(viii) **Impairment of Financial Assets**

In accordance with Ind - AS 109, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the financial assets that are Investment in Mutual fund.

Financial Liabilities

(i) **Classification**

The Company classifies all financial liabilities as subsequently measured at amortised cost, except for financial liabilities at fair value through profit or loss. Such liabilities, including derivatives that are liabilities, shall be subsequently measured at fair value.

(ii) **Initial recognition and measurement**

All financial liabilities are recognised initially at fair value, in the case of payables, net of directly attributable transaction costs. Financial liabilities include trade and other payables.

(iii) **Subsequent measurement**

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading, if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments that are not designated as hedging instruments in hedge relationships as defined by Ind - AS 109. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

(iv) **Loans and Borrowings**

Interest-bearing loans and borrowings are subsequently measured at amortised cost using the Effective Interest Rate (EIR) method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the Statement of Profit and Loss.

(v) **Derecognition of Financial Liabilities**

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the Statement of Profit and Loss.

(vi) **Derivative Financial Instrument and Hedge Accounting**

The Company uses derivative financial instruments, such as forward currency contracts and interest rate swaps, to hedge its foreign currency risks and interest rate risks respectively. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Reliance Bhutan Limited

Notes on Accounts to the Financial Statement as at March 31, 2019

(Amount in ₹)

		As at March 31, 2019	As at March 31, 2018
2.01 Income Tax Assets			
Advance taxes and Tax deducted at source (Net)		**19 936**	18 178
		19 936	18 178
2.02 Investments			
a) Investment in Preference Shares of Companies-			
50 00 000 (50 00 000)	7.5% Redeemable Non Cumulative Non Convertible Preference share of Reliance Realty Limited (Formerly Reliance Infocomm Infrastructure Limited) ₹ 10 each	**200 00 00 000**	200 00 00 000
		200 00 00 000	200 00 00 000
2.03 Cash and Cash Equivalents			
Balance with Banks		**8 223**	7 354
Bank Deposit		**5 26 404**	4 96 580
		5 34 627	5 03 934
2.04 Other Current Assets (Considered Good)			
Interest accrued on Fixed Deposits		**14 799**	25 828
		14 799	25 828

Reliance Bhutan Limited

Notes on Accounts to the Financial Statement as at March 31, 2019

(Amount in ₹)

	As at March 31, 2019	As at March 31, 2018
2.05 Equity Share Capital		
Authorised		
50 000 (50 000) Equity Shares of ₹ 10 each	**5 00 000**	5 00 000
	5 00 000	5 00 000
Issued, Subscribed and Paid up		
50 000 (50 000) Equity Shares of ₹ 10 each	**5 00 000**	5 00 000
	5 00 000	5 00 000

2.05.01 Equity Shares

a) All the 50,000 shares are held by Reliance Infratel Limited, the Holding Company & its Nominee.

b) **Terms/rights attached to equity shares**
The Company has only one class of equity shares having a par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share. In the event of liquidation of the Company, the holder of equity shares will be entitled to receive the remaining assets of the Company. The distribution will be in proportion to the number of equity shares held by the shareholder

2.05.02 Reconciliation of shares outstanding at the beginning and at the end of the reporting year

Equity Shares

	As at March 31, 2019	As at March 31, 2018
	No. of shares	No. of shares
At the beginning of the Year	**50 000**	50 000
Add / (Less) : Changes during the year	**-**	-
At the end of the year	**50 000**	50 000

2.06 Other Equity	**As at March 31, 2019**	As at March 31, 2018
Surplus / (Deficit) in the Statement of Profit and Loss		
As per last Balance Sheet	**(4 81 365)**	(4 62 909)
Add: Profit / (Loss) for the year	**(13 457)**	(18 456)
	(4 94 822)	(4 81 365)

Reliance Bhutan Limited

Notes on Accounts to the Financial Statement as at March 31, 2019

(Amount in ₹)

	As at March 31, 2019	As at March 31, 2018
2.07 Borrowings		
Unsecured		
Loans and Advances from Related Parties (Refer Note 2.16)	**200 05 02 339**	200 04 47 239
	200 05 02 339	200 04 47 239
2.08 Other Current Liabilities		
Provision for expenses	**61 845**	82 066
	61 845	82 066
2.09 Interest Income		
Interest on Fixed Deposit with Bank	**20 883**	32 072
	20 883	32 072

*(Tax Deducted at Source ₹ 2 088 (Previous year ₹ 3 571)

	As at March 31, 2019	As at March 31, 2018
2.10 General and Administrative expenses		
Professional Fees	**14 750**	11 237
Payment to Auditors - Audit Fees	**14 160**	14 160
Bank Charges	**-**	1 734
Other Miscellaneous Expenses	**-**	5 380
	28 910	32 511

Reliance Bhutan Limited

Notes on Accounts to the Financial Statement as at March 31, 2019

Note : 2.11

Previous Year

The figures of the previous year have been regrouped and reclassified, wherever required. Amount in financial statements are presented in Rupees except as otherwise stated.

Note : 2.12

(Amount in ₹)

Earnings per Share (EPS)

	For the year ended March 31, 2019	For the year ended March 31, 2018
Numerator - Profit /(Loss) after tax (₹)	**(13 457)**	(18 456)
Denominator - Weighted number of equity shares	**50 000**	50 000
Basic as well as diluted, earning per equity share (₹)	**(0.27)**	(0.37)

Note : 2.13

Deferred Tax Assets

Significant management judgement considered in determining provision for income tax, deferred income tax assets and liabilities and recoverability of deferred income tax assets. The recoverability of deferred income tax assets is based on estimates of taxable income and the period over which deferred income tax assets will be recovered. The Company on a conservative basis has restricted deferred tax asset to Nil.

S.No	**Year of Expiry**	**Amount of Loss**
I)	A.Y.2018-2019	98,534
II)	A.Y.2019-2020	86,555

(a) Amounts recognised in profit and loss

	For the year ended March 31, 2019	For the year ended March 31, 2018
Current income tax	5,430.00	8 259
Deferred income tax liability / (asset), net	-	-
Tax expense for the year	**5,430.00**	**8 259**

(b) Amounts recognised in other comprehensive income - Rs. Nil

(c) Reconciliation of Tax Expenses

Profit/ (Loss) before Tax	**(8 027)**	(439)
Applicable Tax Rate	**25.75%**	34.608%
Computed Tax Expenses (I)	**(2 067)**	(152)
Add: Tax on Expenses disallowed	**2 067**	8 411
Income Tax Expenses charge / (credit) to Statement of Profit and Loss	**-**	**8 259**

Note : 2.14

Segment Reporting

There are no reportable Segments as per Ind AS-108 "Operating segment" issued by the Institute of Chartered Accountants of India.

Note : 2.15

Post Reporting Events

No adjusting or significant non-adjusting events have occurred between the reporting date and the date of authorisation.

Reliance Bhutan Limited

Notes on Accounts to the Financial Statement as at March 31, 2019

Note : 2.16

1 **Related Parties :**

As per Ind AS- 24, issued by the Institute of Chartered Accountants of India, the disclosures of transaction with the related parties as defined in the Accounting Standard are given below

	Name of the Related Party	Relationship
a)	**Name of the Related Party**	**Relationship**
i	Reliance Communications Limited	Ultimate Holding Company
ii	Reliance Infratel Limited	Holding Company
iii	Reliance Communications Infrastructure Limited	Fellow Subsidiary Company
iv	Reliance Realty Limited	Fellow Subsidiary Company

b) **Transactions during the year with related parties :**

(Amount in ₹)

Sr. No.	Nature of Transactions	Ultimate Holding Company	Fellow Subsidiary	Total
1	**Short Term Borrowings**			
	Balance as at April 1, 2018	**1 41 574**	**200 03 05 665**	**200 04 47 239**
		(1 41 574)	(300 02 75 892)	(300 04 17 466)
	Taken During the year		**5 00 55 100**	**5 00 55 100**
		-	(29 773)	(29 773)
	Repaid during the year	**-**	**5 00 00 000**	5 00 00 000
		-	(100 00 00 000)	(100 00 00 000)
	Balance as at March 31, 2019	**1 41 574**	**200 03 60 765**	**200 05 02 339**
		(1 41 574)	(200 03 05 665)	(200 04 47 239)
2	**Other Receivable**			
	Balance as at April 1, 2018	-	**-**	**-**
		(100 00 00 000)	(-)	(-)
	Taken During the year	-	-	
		(100 00 00 000)	(-)	(-)
	Adjusted during the year	-	-	-
		(-)	(-)	(-)
	Balance as at March 31, 2019	-	-	-
		(-)	(-)	(-)
3	**Investment in Preference Shares**			
	Balance as at April 1, 2018	**-**	**200 00 00 000**	**200 00 00 000**
		(-)	(200 00 00 000)	(200 00 00 000)
	Purchases During the year	-	-	-
		(-)	(-)	(-)
	Sale during the year	-	-	-
		(-)	(-)	(-)
	Balance as at March 31, 2019	**-**	**200 00 00 000**	**200 00 00 000**
		(-)	(200 00 00 000)	(200 00 00 000)

Note : 2.17

1 **Financial Instruments**

The fair value of financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between the willing parties, other than in a forced or liquidation sale.

The following methods and assumptions have been used to estimate the fair values:

Fair value of cash and short-term deposits, trade and other short term receivables, trade payables, other current liabilities, short term loans approximate their carrying amounts largely due to the short term maturities of these instruments

Fair value hierarchy

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

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 - Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

The carrying value and fair value of the financial instruments by categories were as follows:

Reliance Bhutan Limited

Notes on Accounts to the Financial Statement as at March 31, 2019

Particulars	As at March. 31, 2019	As at March 31, 2018
Financial assets at amortised cost:		
Cash and cash equivalents (Refer Note 2.03)	**5 34 627**	5 03 934
Financial assets at fair value through Profit and Loss/ other Comprehensive Income:	**Nil**	Nil
Investments (Refer Note 2.02)	**200 00 00 000**	200 00 00 000
Financial liabilities at amortised cost:		
Borrowings (Refer Note 2.07)	**200 05 02 339**	200 04 47 239
Financial liabilities at fair value through Statement of Profit and Loss/ other Comprehensive Income:	**Nil**	Nil

2 Financial Risk Management Objectives and Policies

The Company does not have any activity during the year and therefore no financial risks like market risk, credit risk and liquidity risk.

Financial risk management

Market risk

The Company operates in India only. Market Risk is the risk that changes in market prices such as interest rates will affect income or value of its holding financial assets/ instruments.

Interest Rate Risk

Interest rate risk can be either fair value interest rate risk or cash flow interest rate risk. Fair value interest rate risk is the risk of changes in fair values of fixed interest bearing investments because of fluctuations in the interest rates. Cash flow interest rate risk is the risk that the future cash flows of floating interest bearing investments will fluctuate because of fluctuations in the interest rates.

Exposure to interest rate risk

The Company does not have Interest rate risk as there is no interest bearing liability

The Company's interest bearing financial instruments are reported as below:

	As at March. 31, 2019	As at March 31, 2018
Fixed Rate Instruments		
Financial Assets	**5 26 404**	4 96 580
Financial Liabilities	**Nil**	Nil
Variable Rate Instruments	**Nil**	Nil

Fair value sensitivity analysis for fixed-rate instruments

The Company does not account for any fixed rate financial assets or financial liabilities at fair value through profit or loss. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

Cash flow sensitivity analysis for variable rate instruments

A reasonably possible change of 100 basis points in interest rates at the reporting date would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, remain constant.

Impact on Profit and Loss / Equity

	For the year ended March 31, 2019	For the year ended March 31, 2018
Impact of increase in interest rate by 100 basis point	**5 264**	4 966

If the interest rate is adversely affected with decrease by 100 basis point, profit shall also accordingly be affected vise versa.

The risk estimates provided assume a parallel shift of 100 basis points interest rate across all yield curves. This calculation also assumes that the change occurs at the balance sheet date and is calculated based on risk exposures outstanding as at that date. The period end balances are not necessarily representative of the average debt outstanding during the period.

Derivative financial instruments

The Company does not hold derivative financial instruments

Credit risk

Credit risk refers to the risk of default on its obligation by the customer/ counter party resulting in a financial loss. The Company does not have exposure to the credit risk at the reporting date.

Liquidity risk

The Company's principal sources of liquidity are cash and cash equivalents and the cash flow that is generated from operations. The Company does not have any contractual maturities of financial liabilities.

Reliance Bhutan Limited

Notes on Accounts to the Financial Statement as at March 31, 2019

Note : 2.18

Segment Reporting

The Company is not having any reportable segment as per Indian Accounting Standard ("Ind AS")108 - 'Operating Segment'

Note : 2.19

Capital Management

Capital of the Company, for the purpose of capital management, include issued equity capital and all other equity reserves attributable to the equity holders of the Company. The primary objective of the Company’s capital management is to maximise shareholders value. The funding requirement is met through a mixture of equity, internal accruals and borrowings which the Company monitors on regular basis.

Note : 2.20

Authorisation of Financial Statements

The financial statements for the year ended March 31, 2019 were approved by the Board of Directors on May 24, 2019

As per our Report of even date

For Priti V Mehta & Co
Chartered Accountants
Firm Registration No 129568W

For and on behalf of the Board

Rakesh Kumar Gupta
Director
DIN No :- 00130829

Priti V Mehta
Proprietor
Membership No. 130514

Parmeshwar Dayal Sharma
Director
DIN No:- 03595827

Place : Mumbai
Date :- May 24, 2019

Independent Auditors' Report

To the Board of Directors of FLAG Telecom Hellas AE

Report on the Ind AS Financial Statements

Opinion

We have audited the accompanying standalone Ind AS financial statements of **FLAG Telecom Hellas AE** ("the Company"), which comprise the Balance Sheet as at 31st March, 2019, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the 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 standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the state of affairs of the Company as at 31st March, 2019, and its profit/loss (including total comprehensive income), its cash flows and the change in equity for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013 ("the Act"). Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Ind AS 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 together with the ethical requirements that are relevant to our audit of the Ind AS financial statements 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 Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter

We draw your attention to note 2.03 of the notes to the financial statements where the company has negative net worth amounting to INR 1,53,38,681 for the year 2019 and INR 1,55,57,512 for the year 2018 (excluding loss on account of FCTR). The financial statements are prepared under going concern assumption since the immediate parent company (Reliance Globalcom Limited, Bermuda) will continue to support the company in meeting its liabilities as they fall due within the coming 12 months.

The Reliance Globalcom Limited, Bermuda has confirmed its intention to continue to support the company for at least 12 months from the date of approval of these financial statements, by providing sufficient funds to enable it to meet its liabilities and obligations as they fall due. On this basis, the directors have concluded that it remains appropriate to prepare the financial statements on the going concern.

Our opinion is not qualifying in this matter.

Information Other than the Standalone Financial Statements and auditor's Report Thereon

Our opinion on the Ind AS 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 standalone Ind AS financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Ind AS financial statements or our knowledge obtained in the 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.

This report is issued for the information and use of the Board of directors of the Company and of Reliance Communications Limited, the holding company in India to comply with the financial reporting requirements in India and should not be used for any other purposes without our prior written consent.

Management's Responsibility for the Ind AS financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards ('Ind AS' prescribed under section 133 of the Companies Act, 2013 ("the Act") read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015, the Companies (Indian Accounting Standards) Amendment Rules, 2016 and other provisions of the Act, to the extent notified and applicable as well as applicable guidance notes and pronouncements of the Institute of Chartered Accountants of India (the ICAI).

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 standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Audit of the Ind AS Financial Statements

Our responsibility is to express an opinion on these standalone Ind AS financial statements based on our audit.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the standalone Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the company has in place and adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the standalone Ind AS financial statements.

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.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone Ind AS financial statements.

For Shridhar& Associates
Chartered Accountants
Firm Registration No.134427W

Jitendra Sawjiany
Partner
Membership No.050980

Place: Mumbai
Date: 22nd May 2019

FLAG TELECOM HELLAS AE
Balance Sheet as at March 31, 2019

Amount in ₹

Particulars	Note	As at March 31, 2019	As at March 31, 2018
ASSETS			
Current assets			
Financial assets			
Cash and cash equivalents	**2.01**	**48,60,146**	50,18,176
Other Financial assets	**2.02**	**9,04,612**	-
Total Current assets		**57,64,758**	50,18,176
Total Assets		**57,64,758**	50,18,176
EQUITY AND LIABILITIES			
Equity			
Equity share capital	**2.03**	**35,26,628**	33,23,665
Other equity	**2.03**	**(2,37,68,590)**	(2,24,15,454)
Total equity		**(2,02,41,962)**	(1,90,91,789)
Liabilities			
Current liabilities			
Financial liabilities			
Trade payables	**2.04**	**6,57,658**	3,11,936
Other Financial liabilities	**2.05**	**2,53,49,062**	2,37,98,029
Total Current liabilities		**2,60,06,720**	2,41,09,965
Total Liabilities		**2,60,06,720**	2,41,09,965
Total Equity and Liabilities		**57,64,758**	50,18,176
General Information	**1.01**		
Significant Accounting Policies	**1.02**		
Notes to the Financial Statements	**2**		

The accompanying notes form an integral part of the financial statements

As per our report of even date attached

For Shridhar & Associates
Chartered Accountants
Firm Registration No. 134427W

Jitendra Sawjiany
Partner
Membership No : 050980

Place: Mumbai
Date: 22nd May 2019

For FLAG Telecom Hellas AE

Andrew Goldie
Director

Place:
Date:21st May 2019

Rod Riley
Director

Place:
Date:21st May 2019

FLAG TELECOM HELLAS AE
Statement of Profit and loss for the year ended March 31, 2019

Amount in ₹

Particulars	Note	For the year ended March 31, 2019	For the year ended March 31, 2018
INCOME			
Revenue from operations	**2.06**	**13,04,633**	-
Other income	**2.07**	**15,851**	6,11,743
Total Income		**13,20,484**	6,11,743
EXPENSES			
Network operation expenses	**2.08**	**-**	63,891
Other expenses	**2.09**	**13,04,616**	12,95,298
Total Expenses		**13,04,616**	13,59,189
Profit / (Loss) before tax		**15,868**	(7,47,446)
Tax expense			
-Current Tax		**-**	70,439
Profit / (Loss) after tax		**15,868**	(8,17,885)
Other comprehensive income			
Items that may be subsequently reclassified to statement of profit or loss			
Currency translation		**(13,69,004)**	(1,16,903)
Total other comprehensive income for the year		**(13,69,004)**	(1,16,903)
Total comprehensive income for the year		**(13,53,136)**	(9,34,788)
Earnings / (Loss) per equity share	**2.11**		
(1) Basic		**1.06**	(54.53)
(2) Diluted		**1.06**	(54.53)
General Information	**1.01**		
Significant Accounting Policies	**1.02**		
Notes to the Financial Statements	**2**	.	

The accompanying notes form an integral part of the financial statements

As per our report of even date attached

For Shridhar & Associates
Chartered Accountants
Firm Registration No. 134427W

For FLAG Telecom Hellas AE

Jitendra Sawjiany
Partner
Membership No : 050980

Place: Mumbai
Date: 22nd May 2019

Andrew Goldie
Director

Place:
Date:21st May 2019

Rod Riley
Director

Place:
Date:21st May 2019

FLAG TELECOM HELLAS AE
Statement of Cash flows for the year ended March 31, 2019

Amount in ₹

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
A) CASH FLOW FROM OPERATING ACTIVITIES:		
Profit / (Loss) before tax	**15,868**	(7,47,446)
Adjustments for:		
Foreign currency translation and exchange movement (Net)	**(11,66,042)**	(1,00,328)
	(11,50,174)	(8,47,774)
Changes in working capital		
Decrease / (Increase) in other current assets	-	7,05,945
Decrease / (Increase) in other financial assets	**(9,04,612)**	-
Increase / (Decrease) in trade payables	**3,45,722**	(21,13,573)
Increase / (Decrease) in other financial liabilities	**15,51,033**	30,09,501
Increase / (Decrease) in other currrent liabilities	**-**	(289)
Cash (used in) / generated from operations	**(1,58,031)**	7,53,810
Taxes paid (net of refunds)	**-**	(70,439)
Net cash generated from / (used in) operating activities (A)	**(1,58,031)**	6,83,371
B) CASH FLOW FROM INVESTING ACTIVITIES:		
Net cash generated from / (used in) investing activities (B)	**-**	-
C) CASH FLOW FROM FINANCING ACTIVITIES:		
Net cash generated from / (used in) financing activities (C)	**-**	-
Net Increase / (Decrease) in cash and cash equivalents (A+B+C)	**(1,58,031)**	6,83,371
Cash and cash equivalents at the beginning of the year	**50,18,176**	43,34,805
Cash and cash equivalents at the end of the year (refer Note 2.01)	**48,60,146**	50,18,176

As per our report of even date attached

For Shridhar & Associates
Chartered Accountants
Firm Registration No. 134427W

For FLAG Telecom Hellas AE

Jitendra Sawjiany
Partner
Membership No : 050980

Place: Mumbai
Date: 22nd May 2019

Andrew Goldie
Director

Place:
Date:21st May 2019

Rod Riley
Director

Place:
Date:21st May 2019

FLAG TELECOM HELLAS AE
Statement of changes in equity for the year ended March 31, 2019

Amount in ₹

Particulars	Equity	Other equity		Total Other Equity	Total equity
	Share capital	Reserves and Surplus	Other Comprehensive income		
		Retained Earnings	Foreign Exchange Translation Reserve*		
Balance as at April 1, 2017	33,07,091	(1,80,63,292)	(34,17,374)	(2,14,80,666)	**(1,81,73,575)**
Net Profit / (Loss) for the year	-	(8,17,885)	-	(8,17,885)	**(8,17,885)**
Currency translation	-	-	(1,16,903)	(1,16,903)	**(1,16,903)**
Foreign exchange movement	16,574	-	-	-	**16,574**
Balance as at March 31, 2018	**33,23,665**	**(1,88,81,177)**	**(35,34,277)**	**(2,24,15,454)**	**(1,90,91,789)**
Net Profit / (Loss) for the year	-	15,868	-	15,868	**15,868**
Currency translation	-	-	(13,69,004)	(13,69,004)	**(13,69,004)**
Foreign exchange movement	2,02,963	-	-	-	**2,02,963**
Balance as at March 31, 2019	**35,26,628**	**(1,88,65,309)**	**(49,03,281)**	**(2,37,68,590)**	**(2,02,41,962)**

***Foreign Exchange Translation Reserve: Exchange differences on translating the financial statements**

As per our report of even date attached

For Shridhar & Associates
Chartered Accountants
Firm Registration No. 134427W

Jitendra Sawjiany
Partner
Membership No : 050980

Place: Mumbai
Date: 22nd May 2019

For FLAG Telecom Hellas AE

Andrew Goldie
Director

Place:
Date:21st May 2019

Rod Riley
Director

Place:
Date:21st May 2019

1.01 General Information

The principal activities of FLAG Telecom Hellas AE (the Non Trading Entity) are the Provision of Telecommunication Services, Sales and Marketing Support Services to its fellow Subsidiaries and An Intermediate Holding Company, and the Operation of a Fibre Optic Telecommunications network in Greece.

1.02 SIGNIFICANT ACCOUNTING POLICIES

a) Basis of Preparation of Financial Statements

The financial statements are prepared under historical cost convention in accordance with generally accepted accounting principles (GAAP) in India and in compliance with the Indian Accounting Standards (Ind AS) specified under section 133 to the Companies Act, 2013 read with Companies (Indian Accounting Standard) Rules, 2015 as notified/ amended by Ministry of Corporate Affairs, Government of India.

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle. Based on the nature of the services and their realization in cash and cash equivalents, the Company has ascertained its operating cycle as twelve months for the purpose of current – non-current classification of assets and liabilities.

Financial Statements have been prepared on a going concern basis and financial support as may be required, shall be extended by associates and / or parent company.

The Company has applied the following standards and amendments for the first time for their annual reporting period commencing April 1, 2018:

- Ind AS 115 Revenue from Contracts with Customers
- Amendment to Ind AS 21- Foreign Currency Transactions and Advance Consideration

The adoption of the above new standards, amendment and interpretation did not have material impact on these financial statements. There are no other Ind AS amendments that are effective that would be expected to have a material impact on the Company's Financial Statements.

Standards and amendments issued and not yet effective
The following standards and amendments, which were in issue but not yet effective and have not been early adopted by the Company.

Ind AS 116 - Leases

Ind AS 116 is applicable from annual periods beginning on or after April 1, 2019. It will replace previous lease standard Ind AS 17. Ind AS 116 sets out the principles for recognition, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to accounting for finance leases under Ind AS 17. The standard includes two recognition exemption for leases: leases of 'low-value' assets and short-term leases. At the commencement date of a lease, a lessee will recognise a liabilityto make lease payments and an asset representing right to use the underlying asset during the lease term. Lessor accounting under Ind AS 16 is substantially unchanged from today's accounting under Ind AS 17.

Appendix C to Ind AS 112 -'Uncertainty over Income tax treatments'

This Appendix explains how to recognize and measure deferred and current tax assets and liabilities where there is uncertainty over a tax treatment. It provides a framework to consider, recognize and measure the accounting impact of tax uncertainties. This Appendix is applicable for annual periods beginning on or after April 1, 2019.
The company is evaluating the impact of the new standard and amendment on the financial position and results of operation. There are no other standards that are not yet effective and that would be expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions

b) Foreign Currency

i) Foreign Currency Transactions

Initial Recognition

On initial recognition, all foreign currency transactions are recorded by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

Subsequent Recognition

As at the reporting date, non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction. All non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined. All monetary assets and liabilities in foreign currency are restated at the end of accounting period. The resulting foreign exchange gains and losses are recognized in the Statement of Profit and loss on a net basis.

ii) Translation into Presentation Currency

The financial statements are translated into presentation currency which is Indian Rupees. Foreign exchange gains and losses resulting from translation into presentation currency are recognized in Other Comprehensive Income.

c) Financial Instruments

Financial instruments are recognised when the Company becomes a party to the contractual provisions of the instrument.

(a) Investments and other Financial Assets

(I) Classification

The Company classifies its financial assets in the following measurement categories:

a) those to be measured subsequently at fair value (either through other comprehensive income, or through Statement of profit and loss); and
b) those to be measured at amortised cost.

The classification depends on the Company's business model for managing the financial assets and the contractual terms of the cash flows.
For assets measured at fair value, gains and losses will either be recorded in Statement of profit and loss or other comprehensive income ('OCI').

(II) Measurement

At initial recognition, the Company measures a financial asset at its fair value. Transaction costs of financial assets carried at fair value through the statement of profit and loss are expensed in the statement of profit and loss.

(III) Derecognition of financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the assets expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of the transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

(IV) Impairment of financial assets

The Company recognizes loss allowances using the expected credit loss (ECL) model for the financial assets which are not fair valued through profit or loss. Loss allowance for trade receivables with no significant financing component is measured at an amount equal to lifetime ECL. For all other financial assets, expected credit losses are measured at an amount equal to the 12-month ECL, unless there has been a significant increase in credit risk from initial recognition in which case those are measured at lifetime ECL. The amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognised as an impairment gain or loss in statement of profit or loss.

(b) Financial Liabilities

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

(I) Classification
The financial liabilities are classified in the following measurement categories:

a) those to be measured as financial liabilities at fair value through profit or loss,
b) those to be measured at amortised cost.

(II) Initial recognition and measurement

Financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. Financial liabilities are initially measured at the amortised cost unless at initial recognition, they are classified as fair value through profit and loss.

(III) Subsequent measurement

Financial liabilities are subsequently measured at amortised cost using the effective interest rate method. Financial liabilities carried at fair value through profit or loss are measured at fair value with all changes in fair value recognised in the statement of profit and loss.

(IV) Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the Statement of profit and loss.

d) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counter party.

e) Trade receivables

Trade receivables are amounts due from customers for services performed in the ordinary course of business. If collection is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at fair value. They are subsequently measured at amortised cost (net of allowance for impairment) using the effective interest method, if the effect of discounting is considered material.

f) Cash and Cash Equivalents

In the statement of cash flows, cash and cash equivalents include cash in hand, demand deposits with banks, other short-term highly liquid investments with original maturities of three months or less and that are readily convertible to known amount of cash and cash equivalent and bank overdrafts.

g) Share Capital

Ordinary Common Shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

h) Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified under current liabilities if payment is due within one year or less. If not, they are presented under non-current liabilities.
Trade payables are recognised initially at fair value and subsequently measured at amortised cost using effective interest rate method.

i) Provisions and Contingent Liabilities

Provisions are recognised when there is a present legal or constructive obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and there is a reliable estimate of the amount of the obligation. Provisions are measured at the best estimate of the expenditure required to settle the present obligation at the Balance Sheet date and are not discounted to its present value.

Contingent Liabilities: Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made.

j) Current and deferred Tax

Tax expense for the period, comprising current tax and deferred tax, are included in the determination of the net profit or loss for the period. Current tax is measured at the amount expected to be paid to the tax authorities in accordance with the taxation laws prevailing in the respective jurisdictions.
Deferred tax is recognized, using the liability method, for all the temporary differences, subject to the consideration of prudence in respect of deferred tax assets. Deferred tax assets are recognised and carried forward only to the extent that it is probable that sufficient future taxable income will be available against which such deferred tax assets can be realised. However, where there is unabsorbed depreciation or carry forward loss, the deferred tax asset is recognised and carried forward only to the extent that it is probable that the assets will be realised in future. Deferred tax assets and liabilities are measured using the tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date. At each Balance Sheet date, the Company re-assesses unrecognised deferred tax asset if any.

Current tax assets and current tax liabilities are offset when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle the asset and the liability on a net basis. Deferred tax assets and deferred tax liabilities are offset when there is a legally enforceable right to set off assets against liabilities representing current tax and where the deferred tax assets and the deferred tax liabilities relate to taxes on income levied by the same governing taxation laws.

k) Revenue Recognition

The Company has adopted Ind AS 115 Revenue from Contracts with Customers with a date of initial application of April 1, 2018. As a result, the Group has updated its accounting policy for revenue recognition as detailed below.

The Company has applied Ind AS 115 using the cumulative effect method and therefore the comparative information has not been restated and continues to be reported under Ind AS 18 .

Company recognizes revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and when specific criteria have been met for Company's activities as described below. Revenue is measured at the fair value of the consideration receivable and represents amount receivable for services rendered, net of taxes, expected variable consideration, price reductions and rebates. The company uses expected value method or most likely amount method to estimate the amount of variable consideration.

Where the contracts include multiple performance obligations, the transaction price will be allocated to each performance obligation based on the stand- alone selling prices. Where these are not directly observable, they are estimated based on market assessment approach.

Indefeasible Right of Use

The Company sells Right of Use (ROU) that provide customers with network capacity, typically over a 10 to 15 year period without transferring the legal title or giving an option to purchase the network capacity. Revenue from cancellable ROU arrangements are accounted as operating lease and recognized over the life of the contract.

Internet Protocol Services

The Company recognises internet protocol revenue over the term of the contract. Fees related to activation of services are deferred and recognised over the expected term of the related service agreement.

International Private Leased Circuits

International Private Leased Circuits include lease capacity services and restoration service for other network operators. The customer typically pays the charges for these services periodically over the life of the contract, which may be up to three years. Revenue is recognized in the Company’s Statement of Profit and Loss over the term of the contract.

Operations and Maintenance Services

The Company provides operation and maintenance services over the life of the capacity contract, for which the Company receives Operation and Maintenance charges. Operation and maintenance charges are invoiced separately from capacity sales. Revenues relating to maintenance are recognized over the period in which the service is provided.

Network service revenue/expense

Transfer pricing is based on provisions contained in Organization for Economic Co-operation & Development (the OECD guidelines).

l) Deferred Revenue

Deferred Revenue represents income billed in accordance with the contract but not recognised in Statement of Profit and Loss as at the Balance Sheet date. Deferred Revenue net of the amount recognizable beyond one year is disclosed as unearned income in non-current liabilities and the amount recognizable within one year is disclosed as deferred revenue in current liabilities.

m) Accrued Income

Where the services are performed prior to billing, unbilled debtors is recognized in other current assets.

n) Use of Estimates

The presentation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of Balance Sheet and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognized in the year in which the results are known / materialized.

o) Earnings Per Share

i) Basic earnings per share

Basic earnings per share is calculated by dividing:
- the profit attributable to owners of the company
- by the weighted average number of equity shares outstanding during the financial year, adjusted for bonus elements in equity shares issued during the year.

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:
- the after income tax effect of interest and other financing costs associated with dilutive potential equity shares, and
- the weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

FLAG TELECOM HELLAS AE
Notes to the Financial Statements

		Amount in ₹
	As at March 31, 2019	As at March 31, 2018
2.01 Cash and cash equivalents		
Balance with banks		
- Current accounts	**48,60,146**	50,18,176
Total	**48,60,146**	50,18,176
2.02 Other Financial assets		
Loans and Advances to Related Parties	**9,04,612**	-
Total	**9,04,612**	-

FLAG TELECOM HELLAS AE
Notes to the Financial Statements

2.03 Equity

Share capital

Amount in ₹

	As at March 31, 2019	As at March 31, 2018
Authorised		
15,000 (15,000) Ordinary shares of Euro 4 each	**35,26,628**	33,23,665
Total	**35,26,628**	33,23,665
Issued, subscribed & fully paid up		
15,000 (15,000) Ordinary shares of Euro 4 each fully paid	**35,26,628**	33,23,665
Total	**35,26,628**	33,23,665

i. Movement in share capital

	No. of Shares	Amount in ₹
As at April 1, 2017	**15,000**	33,07,091
Issued during the year	**-**	-
Foreign exchange movement		16,574
As at March 31, 2018	**15,000**	33,23,665
Issued during the year	**-**	-
Foreign exchange movement		2,02,963
As at March 31, 2019	**15,000**	35,26,628

ii. Rights, preferences and restriction attached to the shares

The Company has only ordinary shares (shares) having a par value of Euro 4 each. Each holder of shares is entitled to one vote per share. In the event of liquidation of the Company, the holder of shares will be entitled to receive remaining assets of the Company. The distribution will be in proportion to the number of shares held by the shareholder.

iii. Shares of the company held by holding/ultimate holding company

	As at March 31, 2019	As at March 31, 2018
a) Flag Telecom Development Limited	**15,000**	15,000
	15,000	15,000

iv. Details of shareholders holding more than 5% shares in the Company

		As at March 31, 2019	As at March 31, 2018
Ordinary Shares			
i) Flag Telecom Development Limited			
	No. of Shares	**15,000**	15,000
	Shareholding %	**100%**	100%

Other equity

Date:	**(1,88,65,309)**	(1,88,81,177)
b) Other reserves	**(49,03,281)**	(35,34,277)
Total	**(2,37,68,590)**	(2,24,15,454)

a) Reserves and surplus
Retained earnings

	As at March 31, 2019	As at March 31, 2018
Opening balance	**(1,88,81,177)**	(1,80,63,292)
Net profit / (loss) for the year	**15,868**	(8,17,885)
Total	**(1,88,65,309)**	(1,88,81,177)

Retained earnings represent the amount of accumulated earnings at each Balance Sheet date, prepared in accordance with the basis of preparation section.

b) Other reserves
Foreign Exchange Translation Reserve

	As at March 31, 2019	As at March 31, 2018
Opening balance	**(35,34,277)**	(34,17,374)
Currency translation differences during the year	**(13,69,004)**	(1,16,903)
Total	**(49,03,281)**	(35,34,277)

		As at March 31, 2019	As at March 31, 2018
2.04	**Trade payables**		
	Trade accruals	**6,57,658**	3,11,936
	Total	**6,57,658**	3,11,936
2.05	**Other Financial liabilities**		
	Due to related parties	**2,53,49,062**	2,37,98,029
	Total	**2,53,49,062**	2,37,98,029

Amount in ₹

		For the year ended March 31, 2019	For the year ended March 31, 2018
2.06	**Revenue from operations**		
	Network service revenue	**13,04,633**	-
	Total	**13,04,633**	-
2.07	**Other income**		
	Gain on foreign exchange fluctuation (net)	**-**	6,11,743
	Provision/ Liabilities written back to the extent no longer required	**15,851**	
	Total	**15,851**	6,11,743
2.08	**Network operation expenses**		
	Network service expense	**-**	63,891
	Total	**-**	63,891
2.09	**Other expenses**		
	Rates & Taxes	**81,411**	-
	Professional charges	**7,19,573**	4,99,185
	Legal fees	**38,489**	-
	Loss on foreign exchange fluctuation (net)	**4,65,143**	-
	Miscellaneous expense	**-**	7,96,113
	Total	**13,04,616**	12,95,298

2.10 Segment Reporting

The RGL Group is being geared to provide the customers with a composite service tailored to their industry or their specific needs like cost optimization or increased speed of reach, which in-turn involves leveraging a combination of the assets and service capabilities of RGL Group. The Group CEO of RGL along with steering committee performs the function of Chief Operating Decision Maker ('CODM'). The RGL Group has a single operating segment, viz. Data Services Business. The Data Services Business of RGL Group provides an integrated service to its global customers.

The CODM reviews the segment results at a combined level for all regions and businesses, when assessing the RGL Group's overall performance and deciding the manner in which to allocate resources.

Further, when a composite service is offered to a customer, while the billing may be done in one jurisdiction the services in-turn would be sought or assets used would be from different legal entities within the RGL Group domiciled in different geographies. Therefore, it is impracticable to meaningfully disclose service revenue by geographical locations.

2.11 Earnings Per Share

Amount in ₹ except number of shares

	Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
A	Profit / (Loss) for the year attributable to shareholders	15,868	(8,17,885)
B	Weighted average number of share of Euro 4 each used as denominator for calculating Basic and Diluted EPS	15,000	15,000
C	Basic and Diluted Earnings per Share (A/B)	1.06	(54.53)

2.12 Notes to Foreign Currency Translation Reserve

The amounts relating to Balance Sheet items appearing in Indian Rupees have been translated at Closing Rate of 1 USD = ₹ 69.155 (March 31 2018 1 USD = ₹ 65.175) and items relating to profit and loss have been translated at average rate of 1 USD = ₹ 69.916 (Previous year 1 USD = ₹ 64.446).

The amounts have been converted in INR to comply with the financial reporting requirement in India.

2.13 Related Party Transactions

In accordance with Indian Accounting Standard 24 "Related Party Disclosures" issued by the Institute of Chartered Accountants of India, the company's related parties and transactions are disclosed below which are in ordinary course of business and at arms' length basis:

List of related parties:

(a) Parent company

i. Reliance Communication Limited
ii. Reliance Globalcom Limited

iii. FLAG Telecom Development Limited

(b) Enterprises as affiliated companies are:

i. Reliance Globalcom Limited
ii. Reliance FLAG Telecom Ireland DAC
iii. Reliance FLAG Atlantic France SAS

Amount in ₹

(c) Sales of services

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Service Revenue		
Fellow subsidiaries	**13,04,633**	-
Total	**13,04,633**	-

Sales of services are negotiated with related parties on a cost-plus basis and are determined on the basis of market price.

(d) Purchases of services

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Network Operating Expenses		
Fellow subsidiaries	-	63,891
Total	**-**	**63,891**

Purchases of services are negotiated with related parties on a cost-plus basis and are determined on the basis of market price.

(e) Year-end balances arising from sales/purchases of services

Particulars	As at March 31, 2019	As at March 31, 2018
Due from related parties		
Parent company	-	-
Fellow subsidiaries	9,04,612	-
Total	**9,04,612**	**-**

Particulars	As at March 31, 2019	As at March 31, 2018
Due to related parties		
Parent company	2,30,21,486	2,12,40,792
Fellow subsidiaries	23,27,577	25,57,237
Total	**2,53,49,063**	**2,37,98,029**

2.14 The previous year's figures have been regrouped and reclassified wherever necessary.

Shridhar & Associates	**For Flag Telecom Hellas AE**	
Chartered Accountants		
Firm Registration No. : 134427W		
Jitendra Sawjiany	**Andrew Goldie**	**Rod Riley**
Partner	Director	Director
Membership Number: 050980		
Place : Mumbai	Place :	Place :
Date : 22nd May 2019	Date : 21st May 2019	Date : 21st May 2019

Independent Auditors' Report

To the Board of Directors of FLAG Telecom Espana Network SAU

Report on the Ind AS Financial Statements

Opinion

We have audited the accompanying standalone Ind AS financial statements of **FLAG Telecom Espana Network SAU** ("the Company"), which comprise the Balance Sheet as at 31st March, 2019, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the 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 standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the state of affairs of the Company as at 31st March, 2019, and its profit/loss (including 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 in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013 ("the Act"). Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Ind AS 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 together with the ethical requirements that are relevant to our audit of the Ind AS financial statements 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 Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter

We draw your attention to note 2.05 of the notes to the financial statements where the company has negative net worth amounting to INR 60,93,44,950 for the year 2019 and INR 60,91,23,530 for the year 2018 (excluding loss on account of FCTR). The financial statements are prepared under going concern assumption since the immediate parent company (Reliance Globalcom Limited, Bermuda) will continue to support the company in meeting its liabilities as they fall due within the coming 12 months.

The Reliance Globalcom Limited, Bermuda has confirmed its intention to continue to support the company for at least 12 months from the date of approval of these financial statements, by providing sufficient funds to enable it to meet its liabilities and obligations as they fall due. On this basis, the directors have concluded that it remains appropriate to prepare the financial statements on the going concern.

Our opinion is not qualifying in this matter.

Other Information

Our opinion on the Ind AS 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 Ind AS financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Ind AS financial statements or our knowledge obtained in the 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.

This report is issued for the information and use of the Board of directors of the Company and of Reliance Communications Limited, the holding company in India to comply with the financial reporting requirements in India and should not be used for any other purposes without our prior written consent.

Management's Responsibility for the Ind AS financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards ('Ind AS' prescribed under section 133 of the Companies Act, 2013 ("the Act") read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015, the Companies (Indian Accounting Standards) Amendment Rules, 2016 and other provisions of the Act, to the extent notified and applicable as well as applicable guidance notes and pronouncements of the Institute of Chartered Accountants of India (the ICAI).

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 standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Audit of the Ind AS Financial Statements

Our responsibility is to express an opinion on these standalone Ind AS financial statements based on our audit.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the standalone Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the company has in place and adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the standalone Ind AS financial statements.

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.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone Ind AS financial statements.

For Shridhar& Associates
Chartered Accountants
Firm Registration No.134427W

Jitendra Sawjiany
Partner
Membership No.050980

Place: Mumbai
Date: 22nd May 2019

Flag Telecom Espana Network SAU
Balance Sheet as at March 31, 2019

Amount in ₹

Particulars	Note	As at March 31, 2019	As at March 31, 2018
ASSETS			
Non-current assets			
Property, plant and equipment	**2.01**	**1,54,700**	1,62,980
Total Non-current assets		**1,54,700**	1,62,980
Current assets			
Financial assets			
Cash and cash equivalents	**2.02**	**8,11,524**	6,48,237
Other Financial assets	**2.03**	**3,17,20,123**	2,38,06,443
Other Current assets	**2.04**	**1,48,24,074**	1,19,44,991
Total Current assets		**4,73,55,721**	3,63,99,671
Total Assets		**4,75,10,421**	3,65,62,651
EQUITY AND LIABILITIES			
Equity			
Equity share capital	**2.05**	**36,92,116**	34,79,627
Other equity	**2.05**	**(70,63,39,621)**	(66,52,83,964)
Total Equity		**(70,26,47,505)**	(66,18,04,337)
LIABILITIES			
Current liabilities			
Financial liabilities			
Trade payables	**2.06**	**2,83,36,384**	4,36,81,929
Other Financial liabilities	**2.07**	**72,07,41,429**	65,33,04,230
Other Current liabilities	**2.08**	**10,80,113**	13,80,829
Total Current liabilities		**75,01,57,926**	69,83,66,988
Total Liabilities		**75,01,57,926**	69,83,66,988
Total Equity and Liabilities		**4,75,10,421**	3,65,62,651

General Information	**1.01**
Significant Accounting Policies	**1.02**
Notes to the Financial Statements	**2**

The accompanying notes form an integral part of the financial statements

As per our report of even date attached

For Shridhar & Associates
Chartered Accountants
Firm Registration No. 134427W

Jitendra Sawjiany
Partner
Membership No : 050980

Place: Mumbai
Date: 22nd May 2019

For Flag Telecom Espana Network SAU

Andrew Goldie
Director

Place:
Date: 21st May 2019

Simon Booth
Director

Place:
Date: 21st May 2019

Flag Telecom Espana Network SAU
Statement of Profit and loss for the year ended March 31, 2019

Amount in ₹

Particulars	Note	For the year ended March 31, 2019	For the year ended March 31, 2018
INCOME			
Revenue from operations	**2.09**	**65,30,993**	83,14,689
Other income	**2.10**	**1,50,49,416**	1,15,77,217
Total Income		**2,15,80,409**	1,98,91,906
EXPENSES			
Network operation expenses	**2.11**	**80,46,189**	88,50,071
Employee benefits expense	**2.12**	**1,00,18,476**	98,93,512
Depreciation and amortization expense	**2.13**	**18,360**	16,922
Other expenses	**2.14**	**39,31,293**	1,05,15,113
Total Expenses		**2,20,14,318**	2,92,75,618
Profit / (Loss) before tax		**(4,33,909)**	(93,83,712)
Tax Expense			
-Current Tax		**-**	-
Profit / (Loss) after tax		**(4,33,909)**	(93,83,712)
Other comprehensive income			
Items that may be subsequently reclassified to statement of profit or loss			
Currency translation difference		**(4,06,21,748)**	(33,76,317)
Total other comprehensive income for the year		**(4,06,21,748)**	(33,76,317)
Total comprehensive income for the year		**(4,10,55,657)**	(1,27,60,029)
Earnings / (Loss) per equity share	**2.16**		
(1) Basic		**(4,339.09)**	(93,837.12)
(2) Diluted		**(4,339.09)**	(93,837.12)
General Information	**1.01**		
Significant Accounting Policies	**1.02**		
Notes to the Financial Statements	**2**		

The accompanying notes form an integral part of the financial statements

As per our report of even date attached

For Shridhar & Associates
Chartered Accountants
Firm Registration No. 134427W

Jitendra Sawjiany
Partner
Membership No : 050980

Place: Mumbai
Date: 22nd May 2019

For Flag Telecom Espana Network SAU

Andrew Goldie
Director

Place:
Date: 21st May 2019

Simon Booth
Director

Place:
Date: 21st May 2019

Flag Telecom Espana Network SAU
Statement of Cash flows for the year ended March 31, 2019

Amount in ₹

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
A) CASH FLOW FROM OPERATING ACTIVITIES:		
Profit / (Loss) before Tax	**(4,33,909)**	(93,83,712)
Adjustments for:		
Depreciation expense	**18,360**	16,922
Foreign Currency Translation and exchange movement (net)	**(4,04,19,339)**	(33,59,673)
	(4,08,34,888)	(1,27,26,463)
Adjustments for:		
Decrease / (Increase) in other financial assets	**(79,13,680)**	(96,32,373)
Decrease / (Increase) in other current assets	**(28,79,083)**	(24,23,674)
Increase / (Decrease) in trade payables	**(1,53,45,545)**	(15,66,825)
Increase / (Decrease) in other financial liabilities	**6,74,37,199**	2,53,56,652
Increase / (Decrease) in other current liabilities	**(3,00,716)**	6,77,169
Cash generated from / (used in) operations	**1,63,287**	(3,15,514)
Income Taxes (Paid)/Refund	**-**	4,95,266
Net cash generated from / (used in) operating activities (A)	**1,63,287**	1,79,752
B) CASH FLOW FROM INVESTING ACTIVITIES:		
Purchase of property, plant and equipment and intangible assets (including capital work-in-progress)	**-**	-
Net cash generated from / (used in) investing activities (B)	**-**	-
C) CASH FLOW FROM FINANCING ACTIVITIES:		
Net cash generated from / (used in) financing activities (C)	**-**	**-**
Net Increase / (Decrease) in cash and cash equivalents (A+B+C)	**1,63,287**	1,79,752
Cash and cash equivalents at the beginning of the year	**6,48,237**	4,68,485
Cash and cash equivalents at the end of the year (refer note 2.02)	**8,11,524**	6,48,237

As per our report of even date attached

For Shridhar & Associates
Chartered Accountants
Firm Registration No. 134427W

For Flag Telecom Espana Network SAU

Jitendra Sawjiany
Partner
Membership No : 050980

Place: Mumbai
Date: 22nd May 2019

Andrew Goldie
Director

Place:
Date: 21st May 2019

Simon Booth
Director

Place:
Date: 21st May 2019

Flag Telecom Espana Network SAU
Statement of changes in equity for the year ended March 31, 2019

Amount in ₹

Particulars	Equity	Other Equity			Total Equity
	Share capital	Reserves and Surplus	Other Comprehensive Income	Total Other Equity	
		Retained Earnings	Foreign Exchange Translation Reserve*		
Balance as at April 1, 2017	34,62,276	(60,32,19,445)	(4,93,04,490)	(65,25,23,935)	**(64,90,61,659)**
Net Profit / (Loss) for the year	-	(93,83,712)	-	(93,83,712)	**(93,83,712)**
Foreign Exchange Movement	17,351	-	-	-	**17,351**
Currency translation	-	-	(33,76,317)	(33,76,317)	**(33,76,317)**
Balance as at March 31, 2018	**34,79,627**	**(61,26,03,157)**	**(5,26,80,807)**	**(66,52,83,964)**	**(66,18,04,337)**
Net Profit / (Loss) for the year	-	(4,33,909)	-	(4,33,909)	**(4,33,909)**
Foreign Exchange Movement	2,12,489	-	-	-	**2,12,489**
Currency translation	-	-	(4,06,21,748)	(4,06,21,748)	**(4,06,21,748)**
Balance as at March 31, 2019	**36,92,116**	**(61,30,37,066)**	**(9,33,02,555)**	**(70,63,39,621)**	**(70,26,47,505)**

***Foreign Exchange Translation Reserve: Exchange differences on translating the financial statements**

As per our report of even date attached

For Shridhar & Associates
Chartered Accountants
Firm Registration No. 134427W

Jitendra Sawjiany
Partner
Membership No : 050980

Place: Mumbai
Date: 22nd May 2019

For Flag Telecom Espana Network SAU

Andrew Goldie
Director

Place:
Date: 21st May 2019

Simon Booth
Director

Place:
Date: 21st May 2019

Flag Telecom Espana Network SAU

Notes forming part of the Financial Statements for the year ended March 31, 2019

1.01 General Information

The principal activities of FLAG Telecom Espana Network SAU (the "Company") are providing Sale & distribution of Telecommunication Services & the Establishment, Installation, Maintenance & Operation of Public & Private Telecommunications Networks.

1.02 SIGNIFICANT ACCOUNTING POLICIES

a) Basis of Preparation of Financial Statements

The financial statements are prepared under historical cost convention in accordance with generally accepted accounting principles (GAAP) in India and in compliance with the Indian Accounting Standards (Ind AS) specified under section 133 to the Companies Act, 2013 read with Companies (Indian Accounting Standard) Rules, 2015 as notified/ amended by Ministry of Corporate Affairs, Government of India.

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle. Based on the nature of the services and their realization in cash and cash equivalents, the Company has ascertained its operating cycle as twelve months for the purpose of current – non-current classification of assets and liabilities.

Financial Statements have been prepared on a going concern basis and financial support as may be required, shall be extended by associates and / or parent company.

The Company has applied the following standards and amendments for the first time for their annual reporting period commencing April 1, 2018:

- Ind AS 115 Revenue from Contracts with Customers
- Amendment to Ind AS 21- Foreign Currency Transactions and Advance Consideration

The adoption of the above new standards, amendment and interpretation did not have material impact on these financial statements. There are no other Ind AS amendments that are effective that would be expected to have a material impact on the Company's Financial Statements.

Standards and amendments issued and not yet effective
The following standards and amendments, which were in issue but not yet effective and have not been early adopted by the Company.

Ind AS 116 - Leases

Ind AS 116 is applicable from annual periods beginning on or after April 1, 2019. It will replace previous lease standard Ind AS 17. Ind AS 116 sets out the principles for recognition, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to accounting for finance leases under Ind AS 17. The standard includes two recognition exemption for leases: leases of 'low-value' assets and short-term leases. At the commencement date of a lease, a lessee will recognise a liabilityto make lease payments and an asset representing right to use the underlying asset during the lease term. Lessor accounting under Ind AS 16 is substantially unchanged from today's accounting under Ind AS 17.

Appendix C to Ind AS 112 -'Uncertainty over Income tax treatments'

This Appendix explains how to recognize and measure deferred and current tax assets and liabilities where there is uncertainty over a tax treatment. It provides a framework to consider, recognize and measure the accounting impact of tax uncertainties. This Appendix is applicable for annual periods beginning on or after April 1, 2019.

The company is evaluating the impact of the new standard and amendment on the financial position and results of operation. There are no other standards that are not yet effective and that would be expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions

b) Foreign Currency

i) Foreign Currency Transactions

Initial Recognition

On initial recognition, all foreign currency transactions are recorded by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

Subsequent Recognition

As at the reporting date, non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction. All non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined. All monetary assets and liabilities in foreign currency are restated at the end of accounting period. The resulting foreign exchange gains and losses are recognized in the Statement of Profit and loss on a net basis.

ii) Translation into Presentation Currency

The financial statements are translated into presentation currency which is Indian Rupees. Foreign exchange gains and losses resulting from translation into presentation currency are recognized in Other Comprehensive Income

c) Property, plant and equipment

Recognition and measurement

Property, plant and equipment consists of network assets, leasehold improvements, computers and office equipment, vehicles, furniture and fittings.
Property, plant and equipment are stated at cost, net of accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the assets.

Subsequent expenditure

Subsequent costs are included in the asset’s carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the Statement of Profit and Loss during the financial period in which they are incurred.

Depreciation

Depreciation on all assets is calculated so as to write-down the cost of property, plant and equipment to its residual value over its estimated useful life. Estimated useful lives, residual values and depreciation methods are reviewed annually, taking into account commercial and technological obsolescence as well as normal wear and tear.

Depreciation is recorded on a straight-line basis over the estimated useful lives of the property, plant and equipment as follows:

Network assets..the shorter of 15 to 25 years or remaining useful lives
Leasehold improvements................................over the period of lease
Computers and office equipment....................3 to 6 years
Vehicles………………………………………..5 years
Furniture and fittings…...................................3 to 7 years

The estimated useful lives of network assets are determined based on the estimated period over which they will generate revenue. Depreciation on any capitalisation due to modifications, improvements of the assets is restricted to the remaining useful life of the fixed asset.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in statement of profit or loss.

Capital work in Progress

Costs incurred prior to the capital project's completion are reflected as capital-work-in-progress, which is transferred to property, plant and equipment at the date the project is complete. Capital-work-in-progress is stated at cost.

d) Financial Instruments

Financial instruments are recognised when the Company becomes a party to the contractual provisions of the instrument.

(a) Investments and other Financial Assets

(I) Classification
The Company classifies its financial assets in the following measurement categories:

a) those to be measured subsequently at fair value (either through other comprehensive income, or through Statement of profit and loss); and
b) those to be measured at amortised cost.

The classification depends on the Company's business model for managing the financial assets and the contractual terms of the cash flows.
For assets measured at fair value, gains and losses will either be recorded in Statement of profit and loss or other comprehensive income ('OCI').

(II) Measurement

At initial recognition, the Company measures a financial asset at its fair value. Transaction costs of financial assets carried at fair value through the statement of profit and loss are expensed in the statement of profit and loss.

(III) Derecognition of financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the assets expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of the transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

(IV) Impairment of financial assets

The Company recognizes loss allowances using the expected credit loss (ECL) model for the financial assets which are not fair valued through profit or loss. Loss allowance for trade receivables with no significant financing component is measured at an amount equal to lifetime ECL. For all other financial assets, expected credit losses are measured at an amount equal to the 12-month ECL, unless there has been a significant increase in credit risk from initial recognition in which case those are measured at lifetime ECL. The amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognised as an impairment gain or loss in statement of profit or loss.

(b) Financial Liabilities

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

(I) Classification

The financial liabilities are classified in the following measurement categories:

a) those to be measured as financial liabilities at fair value through profit or loss,
b) those to be measured at amortised cost.

(II) Initial recognition and measurement

Financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. Financial liabilities are initially measured at the amortised cost unless at initial recognition, they are classified as fair value through profit and loss.

(III) Subsequent measurement

Financial liabilities are subsequently measured at amortised cost using the effective interest rate method. Financial liabilities carried at fair value through profit or loss are measured at fair value with all changes in fair value recognised in the statement of profit and loss.

(IV) Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the Statement of profit and loss.

e) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counter party.

f) Cash and Cash Equivalents

In the statement of cash flows, cash and cash equivalents include cash in hand, demand deposits with banks, other short-term highly liquid investments with original maturities of three months or less and that are readily convertible to known amount of cash and cash equivalent and bank overdrafts.

g) Share Capital

Ordinary Common Shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

h) Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified under current liabilities if payment is due within one year or less. If not, they are presented under non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using effective interest rate method.

i) Provisions and Contingent Liabilities

Provisions are recognised when there is a present legal or constructive obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and there is a reliable estimate of the amount of the obligation. Provisions are measured at the best estimate of the expenditure required to settle the present obligation at the Balance Sheet date and are not discounted to its present value.

Contingent Liabilities: Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made.

j) Current and deferred Tax

Tax expense for the period, comprising current tax and deferred tax, are included in the determination of the net profit or loss for the period. Current tax is measured at the amount expected to be paid to the tax authorities in accordance with the taxation laws prevailing in the respective jurisdictions.

Deferred tax is recognized, using the liability method, for all the temporary differences, subject to the consideration of prudence in respect of deferred tax assets. Deferred tax assets are recognised and carried forward only to the extent that it is probable that sufficient future taxable income will be available against which such deferred tax assets can be realised. However, where there is unabsorbed depreciation or carry forward loss, the deferred tax asset is recognised and carried forward only to the extent that it is probable that the assets will be realised in future. Deferred tax assets and liabilities are measured using the tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date. At each Balance Sheet date, the Company re-assesses unrecognised deferred tax asset if any.

Current tax assets and current tax liabilities are offset when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle the asset and the liability on a net basis. Deferred tax assets and deferred tax liabilities are offset when there is a legally enforceable right to set off assets against liabilities representing current tax and where the deferred tax assets and the deferred tax liabilities relate to taxes on income levied by the same governing taxation laws.

k) Revenue Recognition

The Company has adopted Ind AS 115 Revenue from Contracts with Customers with a date of initial application of April 1, 2018. As a result, the Group has updated its accounting policy for revenue recognition as detailed below.

The Company has applied Ind AS 115 using the cumulative effect method and therefore the comparative information has not been restated and continues to be reported under Ind AS 18 .

Company recognizes revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and when specific criteria have been met for Company's activities as described below. Revenue is measured at the fair value of the consideration receivable and represents amount receivable for services rendered, net of taxes, expected variable consideration, price reductions and rebates. The company uses expected value method or most likely amount method to estimate the amount of variable consideration.

Where the contracts include multiple performance obligations, the transaction price will be allocated to each performance obligation based on the stand- alone selling prices. Where these are not directly observable, they are estimated based on market assessment approach.

Indefeasible Right of Use

The Company sells Right of Use (ROU) that provide customers with network capacity, typically over a 10 to 15 year period without transferring the legal title or giving an option to purchase the network capacity. Revenue from cancellable ROU arrangements are accounted as operating lease and recognized over the life of the contract.

Internet Protocol Services

The Company recognises internet protocol revenue over the term of the contract. Fees related to activation of services are deferred and recognised over the expected term of the related service agreement.

International Private Leased Circuits

International Private Leased Circuits include lease capacity services and restoration service for other network operators. The customer typically pays the charges for these services periodically over the life of the contract, which may be up to three years. Revenue is recognized in the Company's Statement of Profit and Loss over the term of the contract.

Operations and Maintenance Services

The Company provides operation and maintenance services over the life of the capacity contract, for which the Company receives Operation and Maintenance charges. Operation and maintenance charges are invoiced separately from capacity sales. Revenues relating to maintenance are recognized over the period in which the service is provided.

Network service revenue

Transfer pricing is based on provisions contained in Organization for Economic Co-operation & Development (the OECD guidelines).

l) Deferred Revenue

Deferred Revenue represents income billed in accordance with the contract but not recognised in Statement of Profit and Loss as at the Balance Sheet date. Deferred Revenue net of the amount recognizable beyond one year is disclosed as unearned income in non-current liabilities and the amount recognizable within one year is disclosed as deferred revenue in current liabilities.

m) Employee Benefits

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the Balance Sheet.

Eligible employees of the company are covered by defined contribution pension plan. Contribution to the plan is generally based on each employee's eligible compensation and years of service and is based on the local regulations. The schemes are funded through payments to insurance companies as defined contribution plans. In some defined contribution retirement plan, eligible employees may contribute amounts to the plan, via payroll withholding, subject to certain limitations.

n) Use of Estimates

The presentation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of Balance Sheet and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognized in the year in which the results are known / materialized.

o) Earnings Per Share

i) Basic earnings per share

Basic earnings per share is calculated by dividing:
- the profit attributable to owners of the company
- by the weighted average number of equity shares outstanding during the financial year, adjusted for bonus elements in equity shares issued during the year.

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:
- the after income tax effect of interest and other financing costs associated with dilutive potential equity shares, and
- the weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

Flag Telecom Espana Network SAU
Notes forming part of the Financial Statements for the year ended March 31, 2019

2.01 Property, Plant and Equipments

Amount in ₹

Particulars	Network Assets	Total
Gross carrying value		
As at April 1, 2018	8,62,26,163	8,62,26,163
Additions	(72)	(72)
Currency translation difference	52,65,518	52,65,518
As at March 31, 2019	**9,14,91,609**	**9,14,91,609**
Accumulated depreciation		
As at April 1, 2018	8,60,63,183	8,60,63,183
Depreciation for the year	18,360	18,360
Currency translation difference	52,55,366	52,55,366
As at March 31, 2019	**9,13,36,909**	**9,13,36,909**
Closing net carrying value as at March 31, 2019	**1,54,700**	**1,54,700**
Gross carrying value as at March 31, 2019	9,14,91,609	9,14,91,609
Accumulated depreciation	9,13,36,909	9,13,36,909
Closing net carrying value as at March 31, 2019	**1,54,700**	**1,54,700**

Particulars	Network Assets	Total
Gross carrying value		
As at April 1, 2017	8,57,96,123	8,57,96,123
Additions	-	-
Currency translation difference	4,30,040	4,30,040
As at March 31, 2018	**8,62,26,163**	**8,62,26,163**
Accumulated depreciation		
As at April 1, 2017	8,56,16,928	8,56,16,928
Depreciation for the year	16,922	16,922
Currency translation difference	4,29,333	4,29,333
As at March 31, 2018	**8,60,63,183**	**8,60,63,183**
Closing net carrying value as at March 31, 2018	**1,62,980**	**1,62,980**
Gross carrying value as at March 31, 2018	8,62,26,163	8,62,26,163
Accumulated depreciation	8,60,63,183	8,60,63,183
Closing net carrying value as at March 31, 2018	**1,62,980**	**1,62,980**

Amount in ₹

	Particulars	As at March 31, 2019	As at March 31, 2018
2.02	**Cash and cash equivalents**		
	Balance with banks		
	- Current accounts	**8,11,524**	6,48,237
	Total	**8,11,524**	6,48,237
2.03	**Other Financial assets**		
	Advances to related parties	**3,17,20,123**	2,38,06,443
	Total	**3,17,20,123**	2,38,06,443
2.04	**Other Current assets**		
	Advance for supply of goods and rendering of services	**-**	616
	Balances with Government authorities	**1,48,24,074**	1,19,44,375
	Total	**1,48,24,074**	1,19,44,991

2.05 Equity

Share capital

Amount in ₹

	As at March 31, 2019	As at March 31, 2018
Authorised:		
100(100) Ordinary Shares of Euro 601.02 each	**36,92,116**	34,79,627
Issued, subscribed & fully paid up:		
100(100) Ordinary Shares of Euro 601.02 each	**36,92,116**	34,79,627
Total	**36,92,116**	34,79,627

i. Movement in share capital

	No. of Shares	Amount in ₹
As at April 1, 2017	**100**	34,62,276
Issued during the year	**-**	-
Foreign Exchange Movement	**-**	17,351
As at March 31, 2018	**100**	34,79,627
Issued during the year	**-**	-
Foreign Exchange Movement	**-**	2,12,489
As at March 31, 2019	**100**	36,92,116

ii. Rights, preferences and restriction attached to the shares

The Company has equity shares having a par value of Euro 601.02 each. Each holder of shares is entitled to one vote per share. In the event of liquidation of the Company, the holder of shares will be entitled to receive remaining assets of the Company.The distribution will be in proportion to the number of shares held by the shareholder.

iii. Shares of the company held by holding/ultimate holding company

	As at March 31, 2019	As at March 31, 2018
FLAG Telecom Ireland Network DAC	**100**	100
	100	100

iv. Details of shareholders holding more than 5% shares in the Company

		As at March 31, 2019	As at March 31, 2018
Ordinary shares			
a) FLAG Telecom Ireland Network DAC			
	No. of Shares	**100**	100
	Shareholding %	**100%**	100%

Other equity

Amount in ₹

	As at March 31, 2019	As at March 31, 2018
a) Reserves and surplus	**(61,30,37,066)**	(61,26,03,157)
b) Other reserves	**(9,33,02,555)**	(5,26,80,807)
Total	**(70,63,39,621)**	(66,52,83,964)

a) Reserves and surplus
Retained earnings

	As at March 31, 2019	As at March 31, 2018
Opening balance	**(61,26,03,157)**	(60,32,19,445)
Net Profit / (Loss) for the year	**(4,33,909)**	(93,83,712)
Closing balance	**(61,30,37,066)**	(61,26,03,157)

Retained earnings represent the amount of accumulated earnings at each Balance Sheet date, prepared in accordance with the basis of preparation section.

b) Other reserves
Foreign Exchange Translation Reserve

	As at March 31, 2019	As at March 31, 2018
Opening balance	**(5,26,80,807)**	(4,93,04,490)
Currency translation differences during the year	**(4,06,21,748)**	(33,76,317)
Closing balance	**(9,33,02,555)**	(5,26,80,807)

Amount in ₹

	Particulars	As at March 31, 2019	As at March 31, 2018
2.06	**Trade payables**		
	Trade payables	**8,88,109**	2,45,420
	Trade accruals	**2,74,48,275**	4,34,36,509
	Total	**2,83,36,384**	4,36,81,929
2.07	**Other Financial liabilities**		
	Due to related parties	**72,07,41,429**	65,33,04,230
	Total	**72,07,41,429**	65,33,04,230
2.08	**Other Current liabilities**		
	Employee payables	**2,40,122**	4,27,025
	Statutory liabilities	**8,39,991**	9,53,804
	Total	**10,80,113**	13,80,829

Flag Telecom Espana Network SAU
Notes forming part of the Financial Statements for the year ended March 31, 2019

Amount in ₹

	Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
2.09	**Revenue from operations**		
	Network service revenue	**65,30,993**	83,14,689
	Total	**65,30,993**	83,14,689
2.10	**Other income**		
	Gain on foreign exchange fluctuation (net)	**-**	3,88,613
	Provision/ Liabilities written back to the extent no longer required	**1,50,49,416**	1,11,88,604
	Total	**1,50,49,416**	1,15,77,217
2.11	**Network operation expenses**		
	Landing stations and point of presence costs	**67,72,405**	88,50,071
	Local tails	**12,73,784**	-
	Total	**80,46,189**	88,50,071
2.12	**Employee benefits expense**		
	Salaries, wages and bonus	**94,45,375**	94,22,364
	Staff welfare expenses	**5,73,101**	4,71,148
	Total	**1,00,18,476**	98,93,512
2.13	**Depreciation expense**		
	Depreciation on Tangible assets	**18,360**	16,922
	Total	**18,360**	16,922
2.14	**Other expenses**		
	Professional charges	**10,45,182**	2,87,294
	Rates and Taxes	**23,65,141**	92,08,804
	Legal fees	**2,40,997**	1,80,044
	Travel and entertainment	**95,364**	1,14,035
	Loss on foreign exchange fluctuation (net)	**448**	-
	Bank charges	**78,219**	1,44,684
	Miscellaneous expense	**1,05,942**	5,80,252
	Total	**39,31,293**	1,05,15,113

Notes forming part of the Financial Statements for the year ended March 31, 2019

2.15 Segment Reporting

The RGL Group is being geared to provide the customers with a composite service tailored to their industry or their specific needs like cost optimization or increased speed of reach, which in-turn involves leveraging a combination of the assets and service capabilities of RGL Group. The Group CEO of RGL along with steering committee performs the function of Chief Operating Decision Maker (‘CODM’). The RGL Group has a single operating segment, viz. Data Services Business. The Data Services Business of RGL Group provides an integrated service to its global customers.

The CODM reviews the segment results at a combined level for all regions and businesses, when assessing the RGL Group’s overall performance and deciding the manner in which to allocate resources.

Further, when a composite service is offered to a customer, while the billing may be done in one jurisdiction the services in-turn would be sought or assets used would be from different legal entities within the RGL Group domiciled in different geographies. Therefore, it is impracticable to meaningfully disclose service revenue by geographical locations.

2.16 Earnings per Share

Amount in ₹ except number of shares

Particulars		**For the year ended March 31, 2019**	For the year ended March 31, 2018
A	Profit / (Loss) for the year attributable to shareholders	**(4,33,909)**	(93,83,712)
B	Weighted average number of share of EUR 601.02 each used as denominator for calculating Basic and Diluted EPS	**100**	100
C	Basic and Diluted Earnings / (Loss) per Share (A/B)	**(4,339.09)**	(93,837.12)

2.17 Notes to Foreign Currency Translation Reserve

The amounts relating to Balance Sheet items appearing in Indian Rupees have been translated at Closing Rate of 1 USD = ₹ 69.155 (March 31, 2018 1 USD = ₹ 65.175) and items relating to profit and loss have been translated at average rate of 1 USD = ₹ 69.916 (Previous year 1 USD = ₹ 64.446).

The amounts have been converted in INR to comply with the financial reporting requirement in India.

2.18 Related Party Transactions

In accordance with Indian Accounting Standard 24 “Related Party Disclosures” issued by the Institute of Chartered Accountants of India, the company’s related parties and transactions are disclosed below which are in ordinary course of business and at arms’ length basis:

Flag Telecom Espana Network SAU

Notes forming part of the Financial Statements for the year ended March 31, 2019

List of related parties:

(a) Parent company

i. Reliance Communications Limited
ii. Reliance Globalcom Limited
iii. FLAG Telecom Ireland Network DAC

(b) Enterprises as affiliated companies are:

i. Reliance Globalcom Limited
ii. Reliance FLAG Telecom Ireland DAC
iii. Reliance FLAG Atlantic France SAS
iv. Euronet Spain SA

Amount in ₹

(c) Sales of services

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Service Revenue		
Parent company	-	-
Fellow subsidiaries	65,30,993	83,14,689
Total	**65,30,993**	**83,14,689**

Sales of services are negotiated with related parties on a cost-plus basis and are determined on the basis of market price.

(d) Year-end balances arising from sales/purchases of services

Particulars	As at March 31, 2019	As at March 31, 2018
Advance to related parties		
Parent company	-	-
Fellow subsidiaries	3,17,20,123	2,38,06,443
Total	**3,17,20,123**	**2,38,06,443**

Particulars	As at March 31, 2019	As at March 31, 2018
Due to related parties		
Parent company	72,07,41,429	65,33,04,230
Fellow subsidiaries	-	-
Total	**72,07,41,429**	**65,33,04,230**

Flag Telecom Espana Network SAU

Notes forming part of the Financial Statements for the year ended March 31, 2019

2.19 The previous year's figures have been regrouped and reclassified wherever necessary.

For Shridhar & Associates Chartered Accountants Firm Registration No. 134427W	**For Flag Telecom Espana Network SAU**	
Jitendra Sawjiany Partner Membership No : 050980	**Andrew Goldie** Director	**Simon Booth** Director
Place: Mumbai Date: 22nd May 2019	Place: Date: 21st May 2019	Place: Date: 21st May 2019

Independent Auditors' Report

To the Board of Directors of FLAG Holdings (Taiwan) Limited

Report on the Ind AS Financial Statements

Opinion

We have audited the accompanying standalone Ind AS financial statements of **FLAG Holdings (Taiwan) Limited** ("the Company"), which comprise the Balance Sheet as at 31st March, 2019, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the 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 standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the state of affairs of the Company as at 31st March, 2019, and its profit/loss (including 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 in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013 ("the Act"). Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Ind AS 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 together with the ethical requirements that are relevant to our audit of the Ind AS financial statements 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 Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information Other than the Standalone Financial Statements and auditor's Report Thereon

Our opinion on the Ind AS 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 standalone Ind AS financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Ind AS financial statements or our knowledge obtained in the 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.

This report is issued for the information and use of the Board of directors of the Company and of Reliance Communications Limited, the holding company in India to comply with the financial reporting requirements in India and should not be used for any other purposes without our prior written consent.

Management's Responsibility for the Ind AS financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards ('Ind AS'), prescribed under section 133 of the Companies Act, 2013 ("the Act") read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015, the Companies (Indian Accounting Standards) Amendment Rules, 2016 and other provisions of the Act, to the extent notified and applicable as well as applicable guidance notes and pronouncements of the Institute of Chartered Accountants of India (the ICAI).

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 standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Audit of the Ind AS Financial Statements

Our responsibility is to express an opinion on these standalone Ind AS financial statements based on our audit.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the standalone Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the company has in place and adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the

reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the standalone Ind AS financial statements.

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.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone Ind AS financial statements.

For Shridhar& Associates
Chartered Accountants
Firm Registration No.134427W

Jitendra Sawjiany
Partner
Membership No.050980

Place: Mumbai
Date: 22nd May 2019

FLAG Holdings (Taiwan) Limited
Balance Sheet as at March 31,2019

Amount in INR

Particulars	Notes	As at March 31,2019	As at March 31, 2018
ASSETS			
Non-current assets			
Financial assets			
Investments	2.01	**69,33,61,603**	65,34,57,342
Total Non-current assets		**69,33,61,603**	65,34,57,342
Current assets			
Financial assets			
Cash and cash equivalents	2.02	**42,53,316**	42,41,237
Other Financial assets	2.03	**86,44,785**	56,98,377
Other Current assets	2.04	**5,26,860**	4,19,782
Total Current assets		**1,34,24,961**	1,03,59,396
Total Assets		**70,67,86,564**	66,38,16,738
EQUITY AND LIABILITIES			
Share Capital			
Equity share capital	2.05	**37,21,91,351**	35,07,71,041
Other Equity	2.05	**(4,21,31,688)**	(4,19,05,099)
Total Equity		**33,00,59,663**	30,88,65,942
LIABILITIES			
Non-current liabilities			
Deferred tax liabilities (net)	2.06	**47,44,794**	65,61,754
Total Non-current liabilities		**47,44,794**	65,61,754
Current liabilities			
Financial liabilities			
Trade payables	2.07	**4,79,025**	5,84,161
Other Financial liabilities	2.08	**37,15,03,082**	34,78,04,881
Total Current liabilities		**37,19,82,107**	34,83,89,042
Total Liabilities		**37,67,26,901**	35,49,50,796
Total Equity and Liabilities		**70,67,86,564**	66,38,16,738

Basis of Preparation 1
Notes on Accounts 2
The Notes referred to above form an integral part of the Financial Statements.

As per our report of even date attached

For Shridhar & Associates
Chartered Accountants
Firm Registration No.: 134427W

For FLAG Holdings (Taiwan) Limited

Jitendra Sawjiany
Partner
Membership No. 050980

Eric Yih
Director

Girish Kulai
Director

Place: Mumbai
Date: 22nd May 2019

Place: Mumbai
Date: 21st May 2019

Place: Mumbai
Date: 21st May 2019

FLAG Holdings (Taiwan) Limited
Statement of Profit and loss for the year ended March 31,2019

Amount in INR

Particulars	Note	For the year ended March 31,2019	For the year ended March 31, 2018
INCOME			
Revenue from operations	**2.09**	**26,27,024**	13,81,737
Other income	**2.10**	**3,462**	1,56,873
Total Income		**26,30,486**	15,38,610
EXPENSES			
Other expenses	**2.11**	**25,14,297**	14,76,017
Total Expenses		**25,14,297**	14,76,017
Profit before tax		**1,16,189**	62,593
Tax Expense			
-Current Tax (Refund)/Paid		**-**	(38,688)
-Deferred Tax		**(22,42,066)**	19,23,326
Net profit for the year		**23,58,255**	(18,22,045)
Other comprehensive income			
Items that may be subsequently reclassified to statement of profit or loss		**(25,84,844)**	(2,20,415)
Currency translation difference		**(25,84,844)**	(2,20,415)
		(2,26,589)	(20,42,460)
Earnings per Share of each fully paid up			
- Basic and diluted earnings per share	**2.13**	**0.1179**	(0.0911)

Basis of preparation **1**
Notes on Accounts **2**
The Notes referred to above form an integral part of the Financial Statements.

As per our report of even date attached

For Shridhar & Associates
Chartered Accountants
Firm Registration No.: 134427W

For FLAG Holdings (Taiwan) Limited

Jitendra Sawjiany
Partner

Eric Yih
Director

Girish Kulai
Director

FLAG Holdings (Taiwan) Limited
Cash Flow Statement from April 1, 2018 to March 31, 2019

Amount in INR

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
A) CASH FLOW FROM OPERATING ACTIVITIES:		
Profit/(Loss) Before Tax	**1,16,189**	62,593
Adjustments for:		
Effects of exchange difference on translation of asset & liabilities	**1,88,35,467**	(17,29,780)
Interest Income	**(3,462)**	(3,205)
Finance Charges		
	1,88,32,004	(17,32,985)
Operating Profit before Working Capital Changes	**1,89,48,193**	(16,70,392)
Adjustments for:		
Decrease / (Increase) in other non-current assets	**-**	4,409
(Increase)/ Decrease in Other Financial Assets	**(29,46,408)**	(14,18,814)
(Increase)/ Decrease in Other Current Assets	**(1,07,078)**	(36,334)
Increase/ (Decrease) in Trade Payables	**(1,05,136)**	24,445
Increase/ (Decrease) in Other Financial Liability	**2,36,98,201**	32,43,636
	2,05,39,579	18,17,342
Cash generated from/ (used in) operations	**3,94,87,772**	1,46,950
Income Taxes (Paid) / Refund	**4,25,106**	83,466
Net Cash Generated from Operating Activities (A)	**3,99,12,878**	2,30,416
B) CASH FLOW FROM INVESTING ACTIVITIES:		
Purchase of Fixed Assets (Including Capital Work in Progress)	**-**	-
Interest Received	**3,462**	3,205
Investment in Subsidiaries	**(3,99,04,261)**	-
Sale of Subsidiaries	**-**	-
Profit/Loss on Sale of LT Invt-Equity S	**-**	-
Net Cash Used in Investing Activities (B)	**(3,99,00,799)**	3,205
C) CASH FLOW FROM FINANCING ACTIVITIES:		
Interest Paid	**-**	-
Issue of Equity Share	**-**	-
Loan given	**-**	-
Loan taken/ (repayment)	**-**	
Short Term Borrowing from bank	**-**	-
Application money pending allotement	**-**	-
Net Cash Used in Financing Activities (C)	**-**	-
Net Increase/ (Decrease) in Cash and Cash Equivalents (A+B+C)	**12,079**	2,33,621
Cash and Cash Equivalents at the Beginning of the Year	**42,41,237**	40,07,616
Cash and Cash Equivalents at the End of the Year	**42,53,316**	42,41,237

As per our report of even date attached

For Shridhar & Associates
Chartered Accountants
Firm Registration No.: 134427W

For FLAG Holdings (Taiwan) Limited

FLAG Holdings (Taiwan) Limited
Statement of changes in equity for the period ended March 31,2019

Statement of Changes in Equity

Particulars	Share capital	Reserves & Surplus	Other Comprehensive Income
		Retained Earnings	Exchange Fluctuation Reserve*
Balance as at 01.04.2017	**34,90,21,893**	**(3,70,80,816)**	**(27,81,823)**
Surplus/ (Deficit) of Statement of Profit and Loss		(18,22,045)	
Exchange variance	17,49,148		(2,20,415)
Balance as at 31.03.2018	**35,07,71,041**	**(3,89,02,861)**	**(30,02,238)**
Surplus/ (Deficit) of Statement of Profit and Loss		23,58,255	
Exchange variance	2,14,20,310		(25,84,844)
Balance as at 31.03.2019	**37,21,91,351**	**(3,65,44,606)**	**(55,87,082)**

As per our report of even date attached

For Shridhar & Associates
Chartered Accountants
Firm Registration No.: 134427W

Jitendra Sawjiany
Partner
Membership No. 050980

Place: Mumbai
Date: 22nd May 2019

For FLAG Holdings (Taiwan) Limited

Eric Yih
Director

Place: Mumbai
Date: 21st May 2019

Girish Kulai
Director

Place: Mumbai
Date: 21st May 2019

FLAG Holdings (Taiwan) Limited
Notes to the Financial Information

Amount in INR

		As at March 31,2019	As at March 31, 2018
2.01	**Investments**		
	Non-current		
	Investment in subsidiaries		
	Unquoted, fully paid up		
	33,600,000 capital stock contribution (March 31, 2018 : 33,600,000) of Flag Telecom Taiwan Limited of New Taiwan Dollar (NTD) 1 each fully paid up	**69,33,61,603**	65,34,57,342
		69,33,61,603	65,34,57,342
2.02	**Cash and cash equivalents**		
	Balance with Banks		
	- Current Accounts	**42,53,316**	42,41,237
	Total	**42,53,316**	42,41,237
2.03	**Other Financial assets**		
	Current		
	Advances to related parties	**86,44,785**	56,98,377
	Total	**86,44,785**	56,98,377
2.04	**Other Current assets**		
	Balances with Government authorities	**5,26,860**	4,19,782
	Total	**5,26,860**	4,19,782

2.05 Equity
Share capital

	As at March 31,2019	As at March 31, 2018
Authorised	**35,07,71,041**	35,07,71,041
Issued, subscribed & fully paid up (New Taiwan Dollar (NTD) 1 per share)	**37,21,91,351**	35,07,71,041
Total	**37,21,91,351**	35,07,71,041

i. Movement in share capital

	No. of Shares	Amount in INR
As at April 1, 2017	**2,00,00,000**	34,90,21,893
Issued during the year	**-**	-
Foreign currency translation reserve		17,49,148
As at March 31, 2018	**2,00,00,000**	35,07,71,041
Issued during the year	**-**	-
Foreign currency translation reserve		2,14,20,310
As at March 31, 2019	**2,00,00,000**	37,21,91,351

ii. Rights, preferences and restriction attached to the shares

The holder of capital stock is entitled to one vote per New Taiwan Dollar contribution. In the event of liquidation of the Company, the holder of stock will be entitled to receive remaining assets of the Company. The distribution will be in proportion to the capital contribution held by the shareholder.

FLAG Holdings (Taiwan) Limited
Notes to the Financial Information

Amount in INR

iii. Shares of the company held by holding/ultimate holding company

	As at March 31,2019	As at March 31, 2018
a) Reliance Globalcom Limited	**1,00,00,000**	1,00,00,000

FLAG Holdings (Taiwan) Limited
Notes on accounts to the Statement of Profit and Loss

Amount in INR

		For the year ended March 31,2019	For the year ended March 31, 2018
2.09	**Revenue from operations**		
	Network service revenue	**26,27,024**	13,81,737
		26,27,024	13,81,737
2.10	**Other income**		
	Interest income	**3,462**	3,205
	Gain on foreign exchange fluctuation (net)	**-**	1,53,668
		3,462	1,56,873
2.11	**Other expenses**		
	Rent	**16,46,696**	8,10,362
	Professional charges	**2,17,190**	2,72,534
	Payment to auditors	**3,96,639**	3,93,121
	Loss on foreign exchange fluctuation (net)	**2,53,772**	-
		25,14,297	14,76,017
2.13	**Earnings per share**		
	Loss / (profit) for the period attributable to Common Share Holders (A)	**23,58,255**	(18,22,045)
	Weighted average capital contribution each used as denominator for calculating Basic and Diluted EPS (B)	**2,00,00,000**	2,00,00,000
	Basic and Diluted Earnings / (Loss) per share (C=A/B)	**0.1179**	(0.0911)

FLAG (Holdings) Taiwan Limited

Notes Forming part of the Financial Statements for the year ended March 31, 2019

1.01 General Information

The principal activities of FLAG Holdings (Taiwan) Limited (the "Company") are the providing telecommunication services, sales and marketing support services to its fellow subsidiaries and an intermediate holding company, and the operation of a fiber optic telecommunications network in Taiwan.

1.02 SIGNIFICANT ACCOUNTING POLICIES

a) Basis of Preparation of Financial Statements

The financial statements are prepared under historical cost convention in accordance with generally accepted accounting principles (GAAP) in India and in compliance with the Indian Accounting Standards (Ind AS) specified under section 133 to the Companies Act, 2013 read with Companies (Indian Accounting Standard) Rules, 2015 as notified/ amended by Ministry of Corporate Affairs, Government of India.

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle. Based on the nature of the services and their realization in cash and cash equivalents, the Company has ascertained its operating cycle as twelve months for the purpose of current – non-current classification of assets and liabilities.

Financial Statements have been prepared on a going concern basis.

The Company has applied the following standards and amendments for the first time for their annual reporting period commencing April 1, 2018:

- Ind AS 115 Revenue from Contracts with Customers
- Amendment to Ind AS 21- Foreign Currency Transactions and Advance Consideration

The adoption of the above new standards, amendment and interpretation did not have material impact on these financial statements. There are no other Ind AS amendments that are effective that would be expected to have a material impact on the Company's Financial Statements.

Standards and amendments issued and not yet effective
The following standards and amendments, which were in issue but not yet effective and have not been early adopted by the Company.

Ind AS 116 - Leases

Ind AS 116 is applicable from annual periods beginning on or after April 1, 2019. It will replace previous lease standard Ind AS 17. Ind AS 116 sets out the principles for recognition, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to accounting for finance leases under Ind AS 17. The standard includes two recognition exemption for leases: leases of 'low-value' assets and short-term leases. At the commencement date of a lease, a lessee will recognise a liabilityto make lease payments and an asset representing right to use the underlying asset during the lease term. Lessor accounting under Ind AS 16 is substantially unchanged from today's accounting under Ind AS 17.

Appendix C to Ind AS 112 -'Uncertainty over Income tax treatments'

This Appendix explains how to recognize and measure deferred and current tax assets and liabilities where there is uncertainty over a tax treatment. It provides a framework to consider, recognize and measure the accounting impact of tax uncertainties. This Appendix is applicable for annual periods beginning on or after April 1, 2019.
The company is evaluating the impact of the new standard and amendment on the financial position and results of operation. There are no other standards that are not yet effective and that would be expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions

b) Foreign Currency

i) Foreign Currency Transactions

Initial Recognition

On initial recognition, all foreign currency transactions are recorded by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

Subsequent Recognition

As at the reporting date, non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction. All non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined. All monetary assets and liabilities in foreign currency are restated at the end of accounting period. The resulting foreign exchange gains and losses are recognized in the Statement of Profit and loss on a net basis.

ii) Translation into Presentation Currency

The financial statements are translated into presentation currency which is Indian Rupees. Foreign exchange gains and losses resulting from translation into presentation currency are recognized in Other Comprehensive Income

c) Financial Instruments

Financial instruments are recognised when the Company becomes a party to the contractual provisions of the instrument.

(a) Investments and other Financial Assets

(I) Classification
The Company classifies its financial assets in the following measurement categories:

a) those to be measured subsequently at fair value (either through other comprehensive income, or through Statement of profit and loss); and
b) those to be measured at amortised cost.

The classification depends on the Company's business model for managing the financial assets and the contractual terms of the cash flows.
For assets measured at fair value, gains and losses will either be recorded in Statement of profit and loss or other comprehensive income ('OCI').

(II) Measurement

At initial recognition, the Company measures a financial asset at its fair value. Transaction costs of financial assets carried at fair value through the statement of profit and loss are expensed in the statement of profit and loss.

(III) Derecognition of financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the assets expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of the transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

(IV) Impairment of financial assets

The Company recognizes loss allowances using the expected credit loss (ECL) model for the financial assets which are not fair valued through profit or loss. Loss allowance for trade receivables with no significant financing component is measured at an amount equal to lifetime ECL. For all other financial assets, expected credit losses are measured at an amount equal to the 12-month ECL, unless there has been a significant increase in credit risk from initial recognition in which case those are measured at lifetime ECL. The amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognised as an impairment gain or loss in statement of profit or loss.

(b) Financial Liabilities
The Company determines the classification of its financial liabilities at initial recognition.

(I) Classification
The financial liabilities are classified in the following measurement categories:

a) those to be measured as financial liabilities at fair value through profit or loss,
b) those to be measured at amortised cost.

(II) Initial recognition and measurement

Financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. Financial liabilities are initially measured at the amortised cost unless at initial recognition, they are classified as fair value through profit and loss.

(III) Subsequent measurement

Financial liabilities are subsequently measured at amortised cost using the effective interest rate method. Financial liabilities carried at fair value through profit or loss are measured at fair value with all changes in fair value recognised in the statement of profit and loss.

(IV) Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the Statement of profit and loss.

d) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counter party.

e) Cash and Cash Equivalents

In the statement of cash flows, cash and cash equivalents include cash in hand, demand deposits with banks, other short-term highly liquid investments with original maturities of three months or less and that are readily convertible to known amount of cash and cash equivalent and bank overdrafts.

f) Share Capital

Ordinary Common Shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

g) Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified under current liabilities if payment is due within one year or less. If not, they are presented under non-current liabilities.
Trade payables are recognised initially at fair value and subsequently measured at amortised cost using effective interest rate method.

h) Provisions and Contingent Liabilities

Provisions are recognised when there is a present legal or constructive obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and there is a reliable estimate of the amount of the obligation. Provisions are measured at the best estimate of the expenditure required to settle the present obligation at the Balance Sheet date and are not discounted to its present value.

Contingent Liabilities: Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that

arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made.

i) Current and deferred Tax

Tax expense for the period, comprising current tax and deferred tax, are included in the determination of the net profit or loss for the period. Current tax is measured at the amount expected to be paid to the tax authorities in accordance with the taxation laws prevailing in the respective jurisdictions.
Deferred tax is recognized, using the liability method, for all the temporary differences, subject to the consideration of prudence in respect of deferred tax assets. Deferred tax assets are recognised and carried forward only to the extent that it is probable that sufficient future taxable income will be available against which such deferred tax assets can be realised. However, where there is unabsorbed depreciation or carry forward loss, the deferred tax asset is recognised and carried forward only to the

extent that it is probable that the assets will be realised in future. Deferred tax assets and liabilities are measured using the tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date. At each Balance Sheet date, the Company re-assesses unrecognised deferred tax asset if any.

Current tax assets and current tax liabilities are offset when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle the asset and the liability on a net basis. Deferred tax assets and deferred tax liabilities are offset when there is a legally enforceable right to set off assets against liabilities representing current tax and where the deferred tax assets and the deferred tax liabilities relate to taxes on income levied by the same governing taxation laws.

j) Revenue Recognition

The Company has adopted Ind AS 115 Revenue from Contracts with Customers with a date of initial application of April 1, 2018. As a result, the Group has updated its accounting policy for revenue recognition as detailed below.

The Company has applied Ind AS 115 using the cumulative effect method and therefore the comparative information has not been restated and continues to be reported under Ind AS 18 .

Company recognizes revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and when specific criteria have been met for Company's activities as described below. Revenue is measured at the fair value of the consideration receivable and represents amount receivable for services rendered, net of taxes, expected variable consideration, price reductions and rebates. The company uses expected value method or most likely amount method to estimate the amount of variable consideration.

Where the contracts include multiple performance obligations, the transaction price will be allocated to each performance obligation based on the stand- alone selling prices. Where these are not directly observable, they are estimated based on market assessment approach.

Indefeasible Right of Use

The Company sells Right of Use (ROU) that provide customers with network capacity, typically over a 10 to 15 year period without transferring the legal title or giving an option to purchase the network capacity. Revenue from cancellable ROU arrangements are accounted as operating lease and recognized over the life of the contract.

Internet Protocol Services

The Company recognises internet protocol revenue over the term of the contract. Fees related to activation of services are deferred and recognised over the expected term of the related service agreement.

International Private Leased Circuits

International Private Leased Circuits include lease capacity services and restoration service for other network operators. The customer typically pays the charges for these services periodically over the life of the contract, which may be up to three years. Revenue is recognized in the Company's Statement of Profit and Loss over the term of the contract.

Operations and Maintenance Services

The Company provides operation and maintenance services over the life of the capacity contract, for which the Company receives Operation and Maintenance charges. Operation and maintenance charges are invoiced separately from capacity sales. Revenues relating to maintenance are recognized over the period in which the service is provided.

Network service revenue

Transfer pricing is based on provisions contained in Organization for Economic Co-operation & Development (the OECD guidelines).

Interest income

The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of a financial asset. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument but does not consider the expected credit losses. Interest income is recognised using the effective interest method.

k) Deferred Revenue

Deferred Revenue represents income billed in accordance with the contract but not recognised in Statement of Profit and Loss as at the Balance Sheet date. Deferred Revenue net of the amount recognizable beyond one year is disclosed as unearned income in non-current liabilities and the amount recognizable within one year is disclosed as deferred revenue in current liabilities.

l) Accrued Income

Where the services are performed prior to billing, unbilled debtors is recognized in other current assets.

m) Use of Estimates

The presentation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of Balance Sheet and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognized in the year in which the results are known / materialized.

n) Earnings Per Share

i) Basic earnings per share

Basic earnings per share is calculated by dividing:
- the profit attributable to owners of the company
- by the weighted average number of equity shares outstanding during the financial year, adjusted for bonus elements in equity shares issued during the year.

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:
- the after income tax effect of interest and other financing costs associated with dilutive potential equity shares, and
- the weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

2.12 Segment Reporting

The RGL Group is being geared to provide the customers with a composite service tailored to their industry or their specific needs like cost optimization or increased speed of reach, which in-turn involves leveraging a combination of the assets and service capabilities of RGL Group. The Group CEO of RGL along with steering committee performs the function of Chief Operating Decision Maker (‘CODM’). The RGL Group has a single operating segment, viz. Data Services Business. The Data Services Business of RGL Group provides an integrated service to its global customers.

The CODM reviews the segment results at a combined level for all regions and businesses, when assessing the RGL Group’s overall performance and deciding the manner in which to allocate resources.

Further, when a composite service is offered to a customer, while the billing may be done in one jurisdiction the services in-turn would be sought or assets used would be from different legal entities within the RGL Group domiciled in different geographies. Therefore, it is impracticable to meaningfully disclose service revenue by geographical locations.

2.13 Earnings Per Share

Amount in ₹ except number of shares

	Particulars	**Year ended March 31, 2019**	Year ended March 31, 2018
A	Profit for the year attributable to shareholders	**23,58,255**	(18,22,045)
B	Weighted average number of share of NTD 10 each used as denominator for calculating Basic and Diluted EPS	**2,00,00,000**	2,00,00,000
C	Basic and Diluted Earnings per Share (A/B)	**0.1179**	(0.0911)

2.14 Notes to Foreign Currency Translation Reserve

The amounts relating to Balance Sheet items appearing in Indian Rupees have been translated at Closing Rate of 1 USD = ₹ 69.155 (March 31 2018 1 USD = ₹ 65.175) and items relating to profit and loss have been translated at average rate of 1 USD = ₹ 69.916 (Previous year 1 USD = ₹ 64.446).

The amounts have been converted in INR to comply with the financial reporting requirement in India.

2.15 Related Party Transactions

In accordance with Indian Accounting Standard 24 “Related Party Disclosures” issued by the Institute of Chartered Accountants of India, the company’s related parties and transactions are disclosed below which are in ordinary course of business and at arms’ length basis:

List of related parties:

(a) Parent company

i. Reliance Communication Limited
ii. Reliance Globalcom Limited
iii. Sian-Chon Internet Co Limited

(b) List of subsidiaries

i. FLAG Telecom Taiwan Limited

(b) Related parties with whom transactions have taken place

i. FLAG Telecom Asia Limited
ii. FLAG Telecom Taiwan Limited
iii. Reliance FLAG Telecom Ireland DAC
iv. Reliance Globalcom Limited
v. FLAG Telecom Development Ltd

(c) Sales of services

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Service Revenue		
Parent company	-	-
Fellow subsidiaries	26,27,024	13,81,737
Total	**26,27,024**	**13,81,737**

Sales of services are negotiated with related parties on a cost-plus basis and are determined on the basis of market price.

(d) Purchases of services

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Network Operating Expenses		
Parent company	-	-
Fellow subsidiaries	-	-
Total	**-**	**-**

Purchases of services are negotiated with related parties on a cost-plus basis and are determined on the basis of market price.

(e) Year-end balances arising from sales/purchases of services

Particulars	As at March 31, 2019	As at March 31, 2018
Advance to related parties		
Parent company	-	-
Fellow subsidiaries	86,44,785	56,98,377
Total	**86,44,785**	**56,98,377**

FLAG (Holdings) Taiwan Limited

Notes Forming part of the Financial Statements for the year ended March 31, 2019

Particulars	**As at March 31, 2019**	**As at March 31, 2018**
Due to related parties		
Parent company	26,58,90,172	25,05,87,694
Subsidiary company	10,11,09,745	9,29,73,187
Fellow subsidiaries	45,03,165	42,44,000
Total	**37,15,03,082**	**34,78,04,881**

2.16 The previous year's figures have been regrouped and reclassified wherever necessary.

For Shridhar & Associates
Chartered Accountants
Firm Registration No. : 134427W

For FLAG Holdings (Taiwan) Limited

Jitendra Sawjiany
Partner
Membership Number: 050980

Eric Yih
Director

Girish Kulai
Director

Place : Mumbai
Date : 22nd May 2019

Place :
Date :21st May 2019

Place:
Date: 21st May 2019

Independent Auditors' Report

To the Board of Directors of FLAG Telecom Taiwan Limited

Report on the Ind AS Financial Statements

Opinion

We have audited the accompanying standalone Ind AS financial statements of **FLAG Telecom Taiwan Limited** ("the Company"), which comprise the Balance Sheet as at 31st March, 2019, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the 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 standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the state of affairs of the Company as at 31st March, 2019, and its profit/loss (including 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 in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013 ("the Act"). Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Ind AS 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 together with the ethical requirements that are relevant to our audit of the Ind AS financial statements 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 Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information Other than the Standalone Financial Statements and auditor's Report Thereon

Our opinion on the Ind AS 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 standalone Ind AS financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Ind AS financial statements or our knowledge obtained in the 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.

This report is issued for the information and use of the Board of directors of the Company and of Reliance Communications Limited, the holding company in India to comply with the financial reporting requirements in India and should not be used for any other purposes without our prior written consent.

Management's Responsibility for the Ind AS financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards ('Ind AS'), prescribed under section 133 of the Companies Act, 2013 ("the Act") read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015, the Companies (Indian Accounting Standards) Amendment Rules, 2016 and other provisions of the Act, to the extent notified and applicable as well as applicable guidance notes and pronouncements of the Institute of Chartered Accountants of India (the ICAI).

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 standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Audit of the Ind AS Financial Statements

Our responsibility is to express an opinion on these standalone Ind AS financial statements based on our audit.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the standalone Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the company has in place and adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the

reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the standalone Ind AS financial statements.

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.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone Ind AS financial statements.

For Shridhar& Associates
Chartered Accountants
Firm Registration No.134427W

Jitendra Sawjiany
Partner
Membership No.050980

Place: Mumbai
Date: 22nd May 2019

FLAG TELECOM TAIWAN LIMITED
Balance Sheet as at March 31,2019

Particulars	Notes	As at March 31,2019	Amount in INR As at March 31, 2018
ASSETS			
Non-current assets			
Property, plant and equipment	**2.01**	**1,45,66,07,156**	1,39,14,23,537
Capital work-in-progress	**2.02**	**-**	1,01,607
Other intangible assets	**2.03**	**-**	-
Financial assets			
Other Financial assets	**2.04**	**39,29,023**	3,24,24,866
Deferred tax assets (net)	**2.05**	**-**	50,67,747
Other Non-current assets	**2.06**	**19,980**	-
Total Non-current assets		**1,46,05,56,159**	1,42,90,17,757
Current assets			
Financial assets			
Trade receivables	**2.07**	**1,21,76,830**	3,35,06,020
Cash and cash equivalents	**2.08**	**6,55,29,425**	1,27,05,491
Other Financial Assets	**2.09**	**20,46,87,896**	17,10,27,433
Other Current assets	**2.10**	**65,95,82,369**	70,87,85,997
Total Current assets		**94,19,76,520**	92,60,24,941
Total Assets		**2,40,25,32,679**	2,35,50,42,698
EQUITY AND LIABILITIES			
Share Capital			
Equity share capital	**2.11**	**86,67,01,994**	81,68,21,668
Other Equity	**2.11**	**9,14,19,087**	11,69,79,048
Total equity		**95,81,21,081**	93,38,00,716
LIABILITIES			
Non-current liabilities			
Deferred tax liabitilites (net)	**2.12**	**1,35,56,247**	-
Other Non-current liabilities	**2.13**	**91,02,15,494**	85,96,52,239
		92,37,71,741	85,96,52,239
Current liabilities			
Financial liabilities			
Trade payables	**2.14**	**39,60,46,773**	41,06,73,537
Other Financial liabilities	**2.15**	**9,88,69,615**	9,16,64,223
Income tax liabilities (net)	**2.16**	**39,51,414**	37,24,002
Other Current liabilities	**2.17**	**2,17,72,055**	5,55,27,981
		52,06,39,857	56,15,89,743
Total Liabilities		**1,44,44,11,598**	1,42,12,41,982
Total Equity and Liabilities		**2,40,25,32,679**	2,35,50,42,698

Basis of Preparation **1**
Notes on Accounts **2**
The Notes referred to above form an integral part of the Financial Statements.

As per our report of even date attached

For Shridhar & Associates
Chartered Accountants
Firm Registration No.: 134427W

Jitendra Sawjiany
Partner
Membership No. 050980

Place: Mumbai
Date: 22nd May 2019

For Flag Telecom Taiwan Limited

Eric Yih
Director
Place: Mumbai
Date: 21st May 2019

Girish kulai
Director
Place: Mumbai
Date: 21st May 2019

FLAG TELECOM TAIWAN LIMITED
Statement of Profit and loss for the year ended March 31,2019

Amount in INR

Particulars	Note	For the year ended March 31,2019	For the year ended March 31, 2018
INCOME			
Revenue from operations	**2.18**	**21,94,33,464**	21,55,93,636
Other income	**2.19**	**4,04,40,029**	18,36,542
Total Income		**25,98,73,493**	21,74,30,178
EXPENSES			
Network operation expenses	**2.20**	**19,03,71,672**	16,64,45,758
Employee benefits expense	**2.21**	**3,10,09,738**	3,97,21,426
Depreciation and amortization expense	**2.22**	**2,92,24,275**	2,56,57,441
Other expenses	**2.23**	**2,44,63,552**	2,02,41,550
Total Expenses		**27,50,69,237**	25,20,66,175
(Loss) /Profit before tax		**(1,51,95,744)**	(3,46,35,997)
Tax Expense			
-Current Tax (Refund)/Paid		**12,74,334**	4,249
-Deferred Tax		**(1,91,41,812)**	5,46,45,955
Net (loss) /profit for the year		**(3,30,63,222)**	(8,92,86,201)
Other comprehensive income			
Items that may be subsequently reclassified to statement of profit or loss		**75,03,261**	26,598
Currency translation difference		**75,03,261**	26,598
Total Comprehensive Income for the year		**(2,55,59,961)**	(8,92,59,603)
Earnings per Share of each fully paid up			
- Basic and diluted earnings per share	**2.25**	**(0.787)**	(2.126)

As per our report of even date attached

For Shridhar & Associates
Chartered Accountants
Firm Registration No.: 134427W

Jitendra Sawjiany
Partner
Membership No. 050980

Place: Mumbai
Date: 22nd May 2019

For Flag Telecom Taiwan Limited

Eric Yih
Director

Place: Mumbai
Date: 21st May 2019

Girish kulai
Director

Place: Mumbai
Date: 21st May 2019

FLAG TELECOM TAIWAN LIMITED
Cash Flow Statement for the year ended March 2019

Amount in INR

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
A) CASH FLOW FROM OPERATING ACTIVITIES:		
Profit/(Loss) Before Tax	**(1,51,95,744)**	(3,46,35,997)
Adjustments for:		
Provision for Doubtful Debts		
Depreciation and Amortisation	**2,92,24,275**	2,56,57,441
Amount transferred to General Reserve		
Amount Withdrawn from Revaluation Reserve		
Amount withdrawn from General Reserve		
Effects of exchange difference on translation of asset & liabilities	**(2,78,03,266)**	(29,98,365)
Interest Income	**(3,286)**	(3,006)
Finance Charges		
	14,17,723	2,26,56,070
Operating Profit before Working Capital Changes	**(1,37,78,021)**	(1,19,79,927)
Adjustments for:		
Decrease /(Increase) in other non-current assets	**(19,980)**	2,91,33,884
Decrease / (Increase) in non-current financial assets	**2,84,95,843**	(1,61,689)
Decrease/ (Increase) in trade receivables	**2,13,29,190**	(2,43,84,933)
Decrease /(Increase) in other current financial assets	**(3,36,60,463)**	50,48,723
Decrease /(Increase) in other current assets	**4,92,03,628**	6,71,04,446
Increase / (Decrease) in other non-current liabilities	**5,05,63,255**	(5,38,89,280)
Increase / (Decrease) in trade payables	**(1,46,26,764)**	1,00,75,900
Increase/ (Decrease) in other financial liabilites	**72,05,392**	5,49,33,289
Increase / (Decrease) in other current liabilities	**(3,37,55,926)**	(5,19,81,176)
	7,47,34,175	3,58,79,164
Cash generated from / (used in) operations	**6,09,56,154**	2,38,99,237
Income Taxes (Paid) / Refund	**9,83,928**	3,31,616
Net Cash Generated from Operating Activities (A)	**6,19,40,082**	2,42,30,853
B) CASH FLOW FROM INVESTING ACTIVITIES:		
Purchase of Fixed Assets (Including Capital Work in Progress)	**(92,21,041)**	(5,12,56,135)
Interest Received	**3,286**	3,006
Sale of fixed asset	**1,01,607**	
Investment in Subsidiaries		
Sale of Subsidiaries	**-**	
Profit/Loss on Sale of LT Invt-Equity S	**-**	
Net Cash Used in Investing Activities (B)	**(91,16,148)**	(5,12,53,129)
C) CASH FLOW FROM FINANCING ACTIVITIES:		
Interest Paid	**-**	-
Issue of Equity Share	**-**	-
Loan given	**-**	-
Loan taken/ (repayment)	**-**	
Short Term Borrowing from bank	**-**	-
Application money pending allotement	**-**	-
Net Cash Used in Financing Activities (C)	**-**	-
Net Increase/ (Decrease) in Cash and Cash Equivalents (A+B+C)	**5,28,23,934**	(2,70,22,276)
Cash and Cash Equivalents at the Beginning of the Year	**1,27,05,491**	3,97,27,766
Cash and Cash Equivalents at the End of the Year	**6,55,29,424**	1,27,05,491

As per our report of even date attached

For Shridhar & Associates
Chartered Accountants
Firm Registration No.: 134427W

For Flag Telecom Taiwan Limited

Jitendra Sawjiany
Partner

Eric Yih
Director

Girish kulai
Director

FLAG TELECOM TAIWAN LIMITED
Statement of changes in equity for the period ended March 31,2019

Equity attributable to shareholders

Particulars	Share capital	Reserves and Surplus	Other Comprehensive Income
		Retained Earnings	Exchange Fluctuation Reserve*
Balance as at 01.04.2017	81,27,48,526	19,62,43,196	99,95,455
Net Loss for the year		(8,92,86,201)	
Other Comprehensive Income			
Currency translation differences	40,73,142		26,598
Balance as at 31.03.2018	**81,68,21,668**	**10,69,56,995**	**1,00,22,053**
Net Loss for the year		(3,30,63,222)	
Other Comprehensive Income			-
Currency translation differences	4,98,80,326		75,03,261
Balance as at 31.03.2019	**86,67,01,994**	**7,38,93,773**	**1,75,25,314**

*Foreign Exchange Translation Reserve: Exchange differences on translating the financial statements

As per our report of even date attached

For Shridhar & Associates
Chartered Accountants
Firm Registration No.: 134427W

Jitendra Sawjiany
Partner
Membership No. 050980

Place: Mumbai
Date: 22nd May 2019

For Flag Telecom Taiwan Limited

Eric Yih
Director

Place: Mumbai
Date: 21st May 2019

Girish kulai
Director

Place: Mumbai
Date: 21st May 201

FLAG TELECOM TAIWAN LIMITED

Notes to the Financial Statements

2.01 Property, plant and equipment

Particulars	Leasehold improvements	Network Assets
Gross carrying value		
As at April 1, 2018	14,28,261	1,69,08,75,050
Additions	-	92,02,972
Disposals		
Exchange differences	87,218	10,31,55,425
As at March 31, 2019	**15,15,479**	**1,80,32,33,447**
Accumulated depreciation		
As at April 1, 2018	14,28,261	29,95,33,933
Depreciation	-	2,91,45,823
Disposal / adjustments		
Exchange differences	87,218	1,79,74,177
As at March 31, 2019	**15,15,479**	**34,66,53,933**
Closing net carrying value As at March 31, 2019	**-**	**1,45,65,79,514**
Gross carrying value As at April 1, 2018	15,15,479	1,80,32,33,447
Accumulated depreciation	15,15,479	34,66,53,933
Closing net carrying value As at March 31, 2019	**-**	**1,45,65,79,514**

Particulars	Leasehold improvements	Network Assets
Gross carrying value		
As at April 1, 2017	14,21,138	1,63,09,68,169
Additions	-	5,11,54,528
Disposals	-	-
Exchange differences	7,123	87,52,353
As at March 31, 2018	**14,28,261**	**1,69,08,75,050**
Accumulated depreciation		
As at April 1, 2017	14,21,138	27,22,90,311
Depreciation	-	2,55,89,558
Disposal / adjustments	-	-
Exchange differences	7,123	16,54,064
As at March 31, 2018	**14,28,261**	**29,95,33,933**
Closing net carrying value As at March 31, 2018	**-**	**1,39,13,41,117**
Gross carrying value As at April 1, 2017	14,28,261	1,69,08,75,050
Accumulated depreciation	(14,28,261)	(29,95,33,933)
Closing net carrying value As at March 31, 2018	**-**	**1,39,13,41,117**

FLAG TELECOM TAIWAN LIMITED
Notes to the Financial Statements

2.02 Capital work-in-progress

	As at March 31,2019	As at March 31, 2018
Balance at the beginning of the year	1,01,607	
Additions during the year	-	1,01,607
Less: Capitalised during the year	(1,01,607)	
Property, Plant and Equipment (refer note 2.01)	-	-
Intangible Assets	-	
Balance at the closing of the year	**-**	**1,01,607**

FLAG TELECOM TAIWAN LIMITED
Notes to the Financial Statements

2.03 Other intangible assets

Amount in INR

Particulars	Indefeasible Right of Use	Total
Gross carrying value		
As at April 1, 2018	47,80,16,439	47,80,16,439
Additions	-	-
Disposals		-
As at March 31,2019	**47,80,16,439**	**47,80,16,439**
As at April 1, 2018	47,80,16,439	47,80,16,439
Depreciation	-	-
Disposal / adjustments		-
As at March 31,2019	**47,80,16,439**	**47,80,16,439**
		-
Closing net carrying value As at March 31,2019	**-**	**-**
Gross carrying value As at April 1, 2018	47,80,16,439	47,80,16,439
Accumulated depreciation	47,80,16,439	47,80,16,439
Closing net carrying value As at March 31,2019	**-**	**-**

Particulars	Indefeasible Right of Use	Total
Gross carrying value		
As at April 1, 2017	47,56,32,773	47,56,32,773
Additions	-	-
Disposals	-	-
Currency translation difference	23,83,666	23,83,666
As at March 31, 2018	**47,80,16,439**	**47,56,32,773**
As at April 1, 2017	47,56,32,773	47,56,32,773
Depreciation		-
Disposal / adjustments		-
Currency translation difference	23,83,666	23,83,666
As at March 31, 2018	**47,80,16,439**	**47,80,16,439**
		-
Closing net carrying value As at March 31, 2018	**-**	**(23,83,666)**
Gross carrying value As at April 1, 2017	47,80,16,439	47,80,16,439
Accumulated depreciation	47,80,16,439	47,80,16,439
Closing net carrying value As at March 31, 2018	**-**	**-**

FLAG TELECOM TAIWAN LIMITED
Notes to the Financial Statements

		As at March 31,2019	Amount in INR As at March 31, 2018
2.04	**Other Financial assets**		
	Non-current		
	Deposits	**-**	
	-Rental deposits	**39,29,023**	3,24,24,866
	Total	**39,29,023**	3,24,24,866
2.05	**Deferred tax assets (net)**		
	Deferred tax asset	**-**	50,67,747
	Total	**-**	50,67,747
2.06	**Other Non-current assets**		
	Long Term Trade Receivables	**-**	
	Prepaid expenses	**-**	-
	Capital Advances	**19,980**	-
	Total	**19,980**	-
2.07	**Trade receivables**		
	Considered Good	**1,21,76,830**	3,35,06,020
	Considered Doubtful	**-**	1,23,14,924
		1,21,76,830	4,58,20,944
	Less: Allowance for doubtful debts	**-**	-
	Less: Provision for credit notes	**-**	1,23,14,924
	Total	**1,21,76,830**	3,35,06,020
2.08	**Cash and cash equivalents**		
	Cash on hand	**29,569**	27,868
	Balance with Banks		
	- Current Accounts	**6,54,99,856**	1,26,77,623
	Total	**6,55,29,425**	1,27,05,491
2.09	**Other Current Financial assets**		
	Unbilled Revenue	**13,32,340**	50,22,646
	Deposits	**16,39,671**	43,36,825
	Advances to related parties	**20,17,15,885**	16,16,67,962
	Total	**20,46,87,896**	17,10,27,433
2.10	**Other Current assets**		
	Prepaid expenses	**65,47,60,084**	70,16,48,300
	Balances with Government authorities	**48,22,335**	71,37,697
	Total	**65,95,82,369**	70,87,85,997

FLAG TELECOM TAIWAN LIMITED
Notes to the Financial Statement

		For the year ended March 31, 2019	For the year ended March 31, 2018
2.18	**Revenue from operations**		
	Indefeasible right of use	**4,47,61,149**	6,52,51,027
	Lease capacity services	**5,40,10,394**	7,71,25,485
	Operation and maintenance charges	**1,55,34,808**	2,90,81,102
	Internet protocol	**7,71,05,689**	4,41,36,022
	Network service revenue	**2,80,21,424**	-
		21,94,33,464	21,55,93,636
2.19	**Other income**		
	Interest income	**3,286**	3,006
	Provision/ Liabilities written back to the extent no longer required	**4,04,36,743**	18,29,304
	Miscellaneous income	**-**	4,232
		4,04,40,029	18,36,542
2.20	**Network operation expenses**		
	Equipment maintenance and support	**17,35,466**	13,15,772
	Marine cable operations	**-**	-
	Landing stations and point of presence costs	**3,38,71,528**	3,32,44,912
	Terrestrial cable, inland amplifier and regenerator sites	**5,09,19,621**	3,82,72,417
	Local tails	**4,26,60,277**	2,63,89,528
	Internet Protocol-Exp	**2,18,028**	-
	Network service cost	**6,09,66,752**	6,72,23,129
		19,03,71,672	16,64,45,758
2.21	**Employee benefits expense**		
	Salaries, wages and bonus	**2,81,41,915**	3,66,60,949
	Contribution to Provident and other funds	**10,77,775**	10,00,536
	Staff welfare expenses	**17,90,048**	20,59,941
		3,10,09,738	3,97,21,426
2.22	**Depreciation and amortization expense**		
	Depreciation on Tangible assets	**2,92,24,275**	2,56,57,441
	Less:recoupment from revaluation reserve	**-**	-
	Net Depreciation on tangible assets	**2,92,24,275**	2,56,57,441
	Amortisation of Intangible assets	**-**	-
		2,92,24,275	2,56,57,441

2.23 Other expenses

Rent	**16,93,067**	26,03,033
Insurance	**2,90,273**	1,33,704
Rates and taxes	**-**	-
Legal fees	**2,44,259**	15,15,645
Professional charges	**32,42,923**	36,95,111
Licensing and regulatory fees	**62,85,822**	65,82,297
Travel and entertainment	**16,49,778**	14,95,615
Communication	**4,21,571**	4,59,184
Information technology support	**59,776**	96,645
Bank charges	**43,465**	34,056
Sales and Marketing Expenses	**71,30,437**	71,473
Payment to auditors	**7,81,177**	7,18,573
Facility usage charges	**-**	-
Loss on foreign exchange fluctuation (net)	**8,96,106**	20,57,573
Miscellaneous expense	**17,24,898**	7,78,641
	2,44,63,552	2,02,41,550

2.25 Earnings per share

(Loss)/ Profit for the period attributable to Common Share Holders (A)	**(3,30,63,222)**	(8,92,86,201)
Weighted average number of shares (class A Common shares) of NTD 1 each used as denominator for calculating Basic and Diluted Earnings / (Loss) per share (B)	**4,20,00,000**	4,20,00,000
Basic and Diluted Earnings / (Loss) per share (C=A/B)	**(0.787)**	(2.126)

1. General Information

The principal activities of Flag Telecom Taiwan Limited (the "Company") are the providing telecommunication services, sales and marketing support services to its fellow subsidiaries and an intermediate holding company, and the operation of a fiber optic telecommunications network in Taiwan.

1.02 SIGNIFICANT ACCOUNTING POLICIES

a) Basis of Preparation of Financial Statements

The financial statements are prepared under historical cost convention in accordance with generally accepted accounting principles (GAAP) in India and in compliance with the Indian Accounting Standards (Ind AS) specified under section 133 to the Companies Act, 2013 read with Companies (Indian Accounting Standard) Rules, 2015 as notified/ amended by Ministry of Corporate Affairs, Government of India.

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle. Based on the nature of the services and their realization in cash and cash equivalents, the Company has ascertained its operating cycle as twelve months for the purpose of current – non-current classification of assets and liabilities.

Financial Statements have been prepared on a going concern basis.

The Company has applied the following standards and amendments for the first time for their annual reporting period commencing April 1, 2018:

- Ind AS 115 Revenue from Contracts with Customers
- Amendment to Ind AS 21- Foreign Currency Transactions and Advance Consideration

The adoption of the above new standards, amendment and interpretation did not have material impact on these financial statements. There are no other Ind AS amendments that are effective that would be expected to have a material impact on the Company's Financial Statements.

Standards and amendments issued and not yet effective
The following standards and amendments, which were in issue but not yet effective and have not been early adopted by the Company.

Ind AS 116 - Leases

Ind AS 116 is applicable from annual periods beginning on or after April 1, 2019. It will replace previous lease standard Ind AS 17. Ind AS 116 sets out the principles for recognition, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to accounting for finance leases under Ind AS 17. The standard includes two recognition exemption for leases: leases of 'low-value' assets and short-term leases. At the commencement date of a lease, a lessee will recognise a liabilityto make lease payments and an asset representing right to use the underlying asset during the lease term. Lessor accounting under Ind AS 16 is substantially unchanged from today's accounting under Ind AS 17.

Appendix C to Ind AS 112 -'Uncertainty over Income tax treatments'

This Appendix explains how to recognize and measure deferred and current tax assets and liabilities where there is uncertainty over a tax treatment. It provides a framework to consider, recognize and measure the accounting impact of tax uncertainties. This Appendix is applicable for annual periods beginning on or after April 1, 2019.
The company is evaluating the impact of the new standard and amendment on the financial position and results of operation. There are no other standards that are not yet effective and that would be expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions

b) Foreign Currency

i) Foreign Currency Transactions

Initial Recognition

On initial recognition, all foreign currency transactions are recorded by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

Subsequent Recognition

As at the reporting date, non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction. All non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined. All monetary assets and liabilities in foreign currency are restated at the end of accounting period. The resulting foreign exchange gains and losses are recognized in the Statement of Profit and loss on a net basis.

ii) Translation into Presentation Currency

The financial statements are translated into presentation currency which is Indian Rupees. Foreign exchange gains and losses resulting from translation into presentation currency are recognized in Other Comprehensive Income

c) Property, plant and equipment

Recognition and measurement

Property, plant and equipment consists of network assets, leasehold improvements, computers and office equipment, vehicles, furniture and fittings.
Property, plant and equipment are stated at cost, net of accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the assets.

Subsequent expenditure

Subsequent costs are included in the asset’s carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the Statement of Profit and Loss during the financial period in which they are incurred.

Depreciation

Depreciation on all assets is calculated so as to write-down the cost of property, plant and equipment to its residual value over its estimated useful life. Estimated useful lives, residual values and depreciation methods are reviewed annually, taking into account commercial and technological obsolescence as well as normal wear and tear.
Depreciation is recorded on a straight-line basis over the estimated useful lives of the property, plant and equipment as follows:

Network assets..the shorter of 15 to 25 years or remaining useful lives
Leasehold improvements...............................over the period of lease
Computers and office equipment....................3 to 6 years
Vehicles……………………………………….5 years
Furniture and fittings…...................................3 to 7 years

The estimated useful lives of network assets are determined based on the estimated period over which they will generate revenue. Depreciation on any capitalisation due to modifications, improvements of the assets is restricted to the remaining useful life of the fixed asset.
Any gain or loss on disposal of an item of property, plant and equipment is recognised in statement of profit or loss.

Capital work in Progress

Costs incurred prior to the capital project’s completion are reflected as capital-work-in-progress, which is transferred to property, plant and equipment at the date the project is complete. Capital-work-in-progress is stated at cost.

d) Intangible Assets

Indefeasible Right of Use (IRU)

IRU are amortised over their estimated useful lives of 5 to 25 years on straight line basis. The estimated useful life of IRUs is based on the contractual terms of the respective contracts.

Intangible Assets under Development

Intangible assets not ready for the intended use on the date of the Balance Sheet are disclosed as "intangible assets under development".

e) Impairment of Non-Financial assets

Non-financial assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset’s carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset’s fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non- financial assets that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

f) Financial Instruments

Financial instruments are recognised when the Company becomes a party to the contractual provisions of the instrument.

(a) Investments and other Financial Assets

(I) Classification

The Company classifies its financial assets in the following measurement categories:

a) Those to be measured subsequently at fair value (either through other comprehensive income, or through Statement of profit and loss); and
b) Those to be measured at amortized cost.

The classification depends on the Company's business model for managing the financial assets and the contractual terms of the cash flows.
For assets measured at fair value, gains and losses will either be recorded in Statement of profit and loss or other comprehensive income ('OCI').

(II) Measurement

At initial recognition, the Company measures a financial asset at its fair value. Transaction costs of financial assets carried at fair value through the statement of profit and loss are expensed in the statement of profit and loss.

(III) Derecognition of financial assets

The Company derecognizes a financial asset when the contractual rights to the cash flows from the assets expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognizes its retained interest in the asset and associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of the transferred financial asset, the Company continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

(IV) Impairment of financial assets

The Company recognizes loss allowances using the expected credit loss (ECL) model for the financial assets which are not fair valued through profit or loss. Loss allowance for trade receivables with no significant financing component is measured at an amount equal to lifetime ECL. For all other financial assets, expected credit losses are measured at an amount equal to the 12-month ECL, unless there has been a significant increase in credit risk from initial recognition in which case those are measured at lifetime ECL. The amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognised as an impairment gain or loss in statement of profit or loss.

(b) Financial Liabilities

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

(I) Classification
The financial liabilities are classified in the following measurement categories:

a) Those to be measured as financial liabilities at fair value through profit or loss,
b) Those to be measured at amortised cost.

(II) Initial recognition and measurement

Financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. Financial liabilities are initially measured at the amortised cost unless at initial recognition, they are classified as fair value through profit and loss.

(III) Subsequent measurement

Financial liabilities are subsequently measured at amortised cost using the effective interest rate method. Financial liabilities carried at fair value through profit or loss are measured at fair value with all changes in fair value recognised in the statement of profit and loss.

(IV) Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the Statement of profit and loss.

g) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counter party.

h) Trade receivables

Trade receivables are amounts due from customers for services performed in the ordinary course of business. If collection is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at fair value. They are subsequently measured at amortised cost (net of allowance for impairment) using the effective interest method, if the effect of discounting is considered material.

i) Cash and Cash Equivalents

In the statement of cash flows, cash and cash equivalents include cash in hand, demand deposits with banks, other short-term highly liquid investments with original maturities of three months or less and that are readily convertible to known amount of cash and cash equivalent and bank overdrafts.

j) Share Capital

Ordinary Common Shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

k) Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified under current liabilities if payment is due within one year or less. If not, they are presented under non-current liabilities.
Trade payables are recognised initially at fair value and subsequently measured at amortised cost using effective interest rate method.

l) Provisions and Contingent Liabilities

Provisions are recognised when there is a present legal or constructive obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and there is a reliable estimate of the amount of the obligation. Provisions are measured at the best estimate of the expenditure required to settle the present obligation at the Balance Sheet date and are not discounted to its present value.

Contingent Liabilities: Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made.

m) Current and deferred Tax

Tax expense for the period, comprising current tax and deferred tax, are included in the determination of the net profit or loss for the period. Current tax is measured at the amount expected to be paid to the tax authorities in accordance with the taxation laws prevailing in the respective jurisdictions.
Deferred tax is recognized, using the liability method, for all the temporary differences, subject to the consideration of prudence in respect of deferred tax assets. Deferred tax assets are recognised and carried forward only to the extent that it is probable that sufficient future taxable income will be available against which such deferred tax assets can be realised. However, where there is unabsorbed depreciation or carry forward loss, the deferred tax asset is recognised and carried forward only to the extent that it is probable that the assets will be realised in future. Deferred tax assets and liabilities are measured using the tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date. At each Balance Sheet date, the Company re-assesses unrecognised deferred tax asset if any.

Current tax assets and current tax liabilities are offset when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle the asset and the liability on a net basis. Deferred tax assets and deferred tax liabilities are offset when there is a legally enforceable right to set off assets against liabilities representing current tax and where the deferred tax assets and the deferred tax liabilities relate to taxes on income levied by the same governing taxation laws.

n) Revenue Recognition

The Company has adopted Ind AS 115 Revenue from Contracts with Customers with a date of initial application of April 1, 2018. As a result, the Group has updated its accounting policy for revenue recognition as detailed below.

The Company has applied Ind AS 115 using the cumulative effect method and therefore the comparative information has not been restated and continues to be reported under Ind AS 18 .

Company recognizes revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and when specific criteria have been met for Company's activities as described below. Revenue is measured at the fair value of the consideration receivable and represents amount receivable for services rendered, net of taxes, expected variable consideration, price reductions and rebates. The company uses expected value method or most likely amount method to estimate the amount of variable consideration.

Where the contracts include multiple performance obligations, the transaction price will be allocated to each performance obligation based on the stand- alone selling prices. Where these are not directly observable, they are estimated based on market assessment approach.

Indefeasible Right of Use

The Company sells Right of Use (ROU) that provide customers with network capacity, typically over a 10 to 15 year period without transferring the legal title or giving an option to purchase the network capacity. Revenue from cancellable ROU arrangements are accounted as operating lease and recognized over the life of the contract.

Internet Protocol Services

The Company recognises internet protocol revenue over the term of the contract. Fees related to activation of services are deferred and recognised over the expected term of the related service agreement.

International Private Leased Circuits

International Private Leased Circuits include lease capacity services and restoration service for other network operators. The customer typically pays the charges for these services periodically over the life of the contract, which may be up to three years. Revenue is recognized in the Company's Statement of Profit and Loss over the term of the contract.

Operations and Maintenance Services

The Company provides operation and maintenance services over the life of the capacity contract, for which the Company receives Operation and Maintenance charges. Operation and maintenance charges are invoiced separately from capacity sales. Revenues relating to maintenance are recognized over the period in which the service is provided.

Network service revenue

Transfer pricing is based on provisions contained in Organization for Economic Co-operation & Development (the OECD guidelines).

Interest income

The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of a financial asset. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument but does not consider the expected credit losses. Interest income is recognised using the effective interest method.

o) Deferred Revenue

Deferred Revenue represents income billed in accordance with the contract but not recognised in Statement of Profit and Loss as at the Balance Sheet date. Deferred Revenue net of the amount recognizable beyond one year is disclosed as unearned income in non-current liabilities and the amount recognizable within one year is disclosed as deferred revenue in current liabilities.

p) Accrued Income

Where the services are performed prior to billing, unbilled debtors is recognized in other current assets.

q) Employee Benefits

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the Balance Sheet.

Eligible employees of the company are covered by defined contribution pension plan. Contribution to the plan is generally based on each employee's eligible compensation and years of service and is based on the local regulations. The schemes are funded through payments to insurance companies as defined contribution plans. In some defined contribution retirement plan, eligible employees may contribute amounts to the plan, via payroll withholding, subject to certain limitations.

r) Use of Estimates

The presentation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of Balance Sheet and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognized in the year in which the results are known / materialized.

s) Earnings Per Share

i) Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the company
- by the weighted average number of equity shares outstanding during the financial year, adjusted for bonus elements in equity shares issued during the year.

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential equity shares, and
- the weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

2.24 Segment Reporting

The RGL Group is being geared to provide the customers with a composite service tailored to their industry or their specific needs like cost optimization or increased speed of reach, which in-turn involves leveraging a combination of the assets and service capabilities of RGL Group. The Group CEO of RGL along with steering committee performs the function of Chief Operating Decision Maker ('CODM'). The RGL Group has a single operating segment, viz. Data Services Business. The Data Services Business of RGL Group provides an integrated service to its global customers.

The CODM reviews the segment results at a combined level for all regions and businesses, when assessing the RGL Group's overall performance and deciding the manner in which to allocate resources.

Further, when a composite service is offered to a customer, while the billing may be done in one jurisdiction the services in-turn would be sought or assets used would be from different legal entities within the RGL Group domiciled in different geographies. Therefore, it is impracticable to meaningfully disclose service revenue by geographical locations.

2.25 Earnings Per Share

Amount in ₹ except number of shares

	Particulars	**Year ended March 31, 2019**	Year ended March 31, 2018
A	Profit for the year attributable to shareholders	**(3,30,63,223)**	(8,92,86,201)
B	Weighted average number of share of NTD 10 each used as denominator for calculating Basic and Diluted EPS	**4,20,00,000**	4,20,00,000
C	Basic and Diluted Earnings per Share (A/B)	**(0.787)**	(2.126)

2.26 Notes to Foreign Currency Translation Reserve

The amounts relating to Balance Sheet items appearing in Indian Rupees have been translated at Closing Rate of 1 USD = ₹ 69.155 (March 31 2018 1 USD = ₹ 65.175) and items relating to profit and loss have been translated at average rate of 1 USD = ₹ 69.916 (Previous year 1 USD = ₹ 64.446).

The amounts have been converted in INR to comply with the financial reporting requirement in India.

2.27 Related Party Transactions

In accordance with Indian Accounting Standard 24 "Related Party Disclosures" issued by the Institute of Chartered Accountants of India, the company's related parties and transactions are disclosed below which are in ordinary course of business and at arms' length basis:

List of related parties:

(a) Parent company

i. Reliance Communication Limited
ii. Reliance Globalcom Limited
iii. FLAG Holdings (Taiwan) Limited

(b) Related parties with whom transactions have taken place

iii. FLAG Telecom Asia Limited
iv. Reliance FLAG Telecom Ireland DAC
v. Reliance FLAG Atlantic France SAS
vi. FLAG Telecom Deutschland GMBH

(c) Sales of services

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Service Revenue		
Parent company	-	-
Fellow subsidiaries	2,80,21,424	-
Total	**2,80,21,424**	**-**

Sales of services are negotiated with related parties on a cost-plus basis and are determined on the basis of market price.

(d) Purchases of services

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Network Operating Expenses		
Parent company	-	-
Fellow subsidiaries	6,09,66,752	1,10,26,217
Total	**6,09,66,752**	**1,10,26,217**

Purchases of services are negotiated with related parties on a cost-plus basis and are determined on the basis of market price.

(e) Trade Payables

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Trade Payables		
Parent company	-	-
Fellow subsidiaries	34,09,34,150	-
Total	**34,09,34,150**	**-**

FLAG Telecom Taiwan Limited

Notes Forming part of the Financial Statements for the year ended March 31, 2019

(f) **Year-end balances arising from sales/purchases of services**

Particulars	**As at March 31, 2019**	**As at March 31, 2018**
Advance to related parties		
Parent company	-	9,29,73,187
Fellow subsidiaries	20,17,15,885	6,86,94,775
Total	**20,17,15,885**	**16,16,67,962**

Particulars	**As at March 31, 2019**	**As at March 31, 2018**
Due to related parties		
Parent company	9,39,66,785	6,85,09,592
Fellow subsidiaries	16,24,326	1 5,30,843
Total	**9,55,91,111**	**7,00,40,435**

2.28 The previous year's figures have been regrouped and reclassified wherever necessary.

For Shridhar & Associates
Chartered Accountants
Firm Registration No. : 134427W

Jitendra Sawjiany
Partner
Membership Number: 050980

Place : Mumbai
Date : 22nd May 2019

For FLAG Telecom Taiwan Limited

Eric Yih
Director

Place :
Date :21st May 2019

Girish Kulai
Director

Place:
Date: 21st May 2019

Independent Auditor's Report

To the Members of Reliance Globalcom Limited

Report on the Indian Accounting Standards (Ind AS) Financial Statements

We have audited the accompanying financial statements of Reliance Globalcom Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2019, the Statement of Profit and Loss (Including Other Comprehensive Income), the Cash Flow Statement for the year then ended and the Statement of changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information prepared based on relevant records.

Management's Responsibility for the Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements to give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2015. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these Ind AS financial statements based on our audit.

We have taken into account the provisions of the Act and the Rules made thereunder including the accounting standards and matters which are required to be included in the audit report.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India. Those Standards and pronouncements require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Opinion

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 Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, and its profit and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

As required by 'the Companies (Auditor's Report) Order, 2016', issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act (hereinafter referred to as the "Order"), and in terms of the information and explanations sought by us and given by the company and the books and the records examined by us in the normal course of audit and to the best of our knowledge and belief, we give in the Annexure B a statement on the matters specified in paragraphs 3 and 4 of the Order.

Further to our comment in the annexure B, as required by Section 143 (3) of the Act, we report that:

(a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the 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 Cash Flow Statement for the year then ended and the Statement of changes in Equity for the year then ended, dealt with by this Report are in agreement with the books of account;

(d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

(e) On the basis of the written representations received from the directors as on March 31, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2019 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 B"; and

(g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, 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 as at March 31, 2019 which would impact its financial position.

ii. The Company has long-term contracts as at March 31, 2019 for which there were no material foreseeable losses. The Company does not have long-term derivative contracts as at March 31, 2019.

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the year ended March 31, 2019.

For Priti.V.Mehta & Company
Firm Registration Number: 129568W
Chartered Accountants

Priti Vipul Mehta
Proprietor
Membership No: 130514

Place: Mumbai
Date: 24th May, 2019

Annexure A to Independent Auditor's Report – 31st March 2019

With reference to the 'Annexure A' referred to in the Independent Auditors' Report to the Members of Reliance Globalcom Limited ('the Company') on the financial statements for the year ended March 31, 2019, we report the following:

1. The Company does not have any fixed assets as on March 31, 2019. Therefore, the provisions of Clause 3(i) are not applicable to the Company.

2. The Company is in the business of rendering of services, and consequently does not hold any Inventory. Therefore, the provisions of clause 3(ii) of the said order are not applicable to the company.

3. 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 Act. Therefore, the provisions of Clause 3(iii), (iii)(a), (iii)(b) and (iii)(c) of the said Order are not applicable to the Company.

4. The Company has not granted any loans or made any investments, or provided any guarantees or security to the parties covered under Section 185 and 186. Therefore, the provisions of Clause 3(iv) of the said Order are not applicable to the Company.

5. The Company has not accepted any deposits from the public within the meaning of Sections 73, 74, 75 and 76 of the Act and the Rules framed there under to the extent notified.

6. The Central Government of India has not specified the maintenance of cost records under sub-section (1) of Section 148 of the Act for any of the products of the Company.

7. According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is generally regular in depositing the undisputed statutory dues in respect of provident fund, service tax, employees' state insurance, income-tax and other material statutory dues have been regularly deposited during the year by the Company with the appropriate authorities.

   According to the information and explanations given to us and the records of the Company examined by us, there are no dues of income-tax and service-tax which have not been deposited on account of any dispute.

8. As the Company does not have any loans or borrowings from any financial institution or bank or Government, nor has it issued any debentures as at the balance sheet date, the provisions of Clause 3(viii) of the Order are not applicable to the Company.

9. The Company has not raised any moneys by way of initial public offer, further public offer (including debt instruments) and term loans. Accordingly, the provisions of Clause 3(ix) of the Order are not applicable to the Company.

10. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such case by the Management.

11. The Company has not paid/ provided for managerial remuneration. Therefore, provisions of clause 3 (xi) of the order is not applicable to the Company.

12. As the Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it, the provisions of Clause 3(xii) of the Order are not applicable to the Company.

13. The Company has entered into transactions with related parties in compliance with the provisions of Section 188 of the Act. The details of such related party transactions have been disclosed in the financial statements as required under Indian Accounting Standard (Ind AS) 24, Related Party Disclosures specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. Further, the Company is not required to constitute an Audit Committee under Section 177 of the Act, and accordingly, to this extent, the provisions of Clause 3(xiii) of the Order are not applicable to the Company.

14. The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, the provisions of Clause 3(xiv) of the Order are not applicable to the Company.

15. The Company has not entered into any non-cash transactions with its directors or persons connected with him. Accordingly, the provisions of Clause 3(xv) of the Order are not applicable to the Company.

16. The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the provisions of Clause 3(xvi) of the Order are not applicable to the Company.

For Priti.V.Mehta & Company
Firm Registration Number: 129568W
Chartered Accountants

Priti Vipul Mehta
Proprietor
Membership Number: 130514

Place: Mumbai
Date: 24th May, 2019

Annexure B to Independent Auditor's Report – 31st March 2019 on the Financial Statements of Reliance Globalcom Limited

Report on the Internal Financial Controls 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 Reliance Globalcom Limited ('the Company') as of March 31, 2019 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 (the "Guidance Note") issued by the Institute of Chartered Accountants of India (ICAI). 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 Act.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing deemed to be prescribed under section 143(10) of the Act to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and both issued by the ICAI. 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.

Annexure B to Independent Auditor's Report – 31st March 2019 on the Financial Statements of Reliance Globalcom Limited

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, 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, 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For Priti.V.Mehta & Company
Firm Registration Number: 129568W
Chartered Accountants

Priti Vipul Mehta
Proprietor
Membership Number: 130514

Place: Mumbai
Date: 24th May, 2019

RELIANCE GLOBALCOM LIMITED
Balance Sheet as at March 31, 2019

Particulars	Note	As at March 31, 2019	As at March 31, 2018
			Amount in ₹
ASSETS			
Non-current assets			
Financial assets			
Income Tax Asset	**2.01**	92,81,775	2,96,918
Total Non-current assets		92,81,775	2,96,918
Current assets			
Financial assets			
Trade receivables	**2.02**	44,59,61,311	79,11,10,899
Cash and cash equivalents	**2.03**	23,17,553	30,09,395
Other Financial assets	**2.04**	39,66,613	-
Other Current assets	**2.05**	13,87,98,339	8,10,70,441
Total Current assets		59,10,43,816	87,51,90,735
Total Assets		**60,03,25,591**	**87,54,87,653**
EQUITY AND LIABILITIES			
Equity			
Share Capital			
Equity share capital	**2.06**	5,00,000	5,00,000
Other Equity	**2.06**	10,14,63,357	2,31,90,064
Total equity		10,19,63,357	2,36,90,064
LIABILITIES			
Current liabilities			
Financial liabilities			
Trade payables	**2.07**	42,93,35,210	37,13,80,661
Provisions	**2.08**	2,60,82,791	16,86,778
Income tax liabilities (net)	**2.09**	3,04,94,000	45,70,658
Other Current liabilities	**2.10**	1,24,50,233	47,41,59,491
		49,83,62,233	85,17,97,588
Total Liabilities		**49,83,62,233**	**85,17,97,588**
Total Equity and Liabilities		**60,03,25,591**	**87,54,87,653**

The accompanying notes form an integral part of the financial statements
In terms of our report of even date

For Priti V Mehta & Co.
Chartered Accountants
Firm Regn. No. 129568W

For and on behalf of the Board

Proprietor
Membership No. 130514

Place: Mumbai
Date: 24 May, 2019

Rajesh Burman
Director
DIN No: 07448741

Place: Mumbai
Date: 24 May,2019

Rajan Pawaskar
Director
DIN No: 06530082

Place: Mumbai
Date: 24 May,2019

RELIANCE GLOBALCOM LIMITED
Statement of Profit and loss for the year ended March 31, 2019

Amount in ₹

Particulars	Note	For the year ended March 31, 2019	For the year ended March 31,2018
INCOME			
Revenue from operations	**2.11**	1,31,05,75,165	82,01,06,387
Other income	**2.12**	41,21,706	-
Total Income		**1,31,46,96,871**	**82,01,06,387**
EXPENSES			
Network operation expenses	**2.13**	36,06,012	**-**
Employee benefits expense	**2.14**	75,60,64,056	63,18,16,298
Finance Charges	**2.15**	-	66,74,513
Other expenses	**2.16**	44,27,84,446	17,69,89,604
Total Expenses		**1,20,24,54,514**	**81,54,80,415**
Profit / (Loss) before tax		**11,22,42,357**	**46,25,972**
Tax Expense			
-Current Tax		2,81,44,000	22,19,338
Net profit/ (Loss) for the year		**8,40,98,356**	**24,06,635**
Other Comprehensive Income			
Items that will not be reclassified to profit or loss			
Remeasurement of defined employee benefit		(58,25,063)	87,10,840
Total Comprehensive Income for the year		**7,82,73,293**	**1,11,17,475**
Earnings per Share of each fully paid up			
- Basic and diluted earnings per share	**2.17**	1,681.97	48.13

The accompanying notes form an integral part of the financial statements
In terms of our report of even date

For Priti V Mehta & Co.
Chartered Accountants
Firm Regn. No. 129568W

Proprietor
Membership No. 130514

Place: Mumbai
Date: 24 May, 2019

For and on behalf of the Board

Rajesh Burman
Director
DIN No: 07448741

Place: Mumbai
Date: 24 May,2019

Rajan Pawaskar
Director
DIN No: 06530082

Place: Mumbai
Date: 24 May,2019

RELIANCE GLOBALCOM LIMITED
Cash Flow Statement for the year ended March 31, 2019 (Amount in ₹)

		For the year ended March 31, 2019	For the year ended March 31, 2018
A	**CASH FLOW FROM OPERATING ACTIVITIES:**		
	Net Profit before tax as per Statement of Profit and Loss	**11,22,42,357**	46,25,973
	Adjusted for:		
	Remeasurement of defined employee benefit	**(58,25,063)**	87,10,840
	Liabilities written off to the extent no longer required	**-**	-
	Operating Profit before Working Capital Changes	**10,64,17,294**	1,33,36,813
	Changes in working capital:		
	(Increase)/Decrease in trade receivables	**34,51,49,588**	(70,40,23,975)
	(Increase)/ Decrease in loans and advances	**(5,77,27,898)**	4,19,50,541
	(Increase)/Decrease in other fianacial assets	**(39,66,613)**	-
	(Decrease) /Increase in trade payables	**5,79,54,549**	19,67,60,606
	(Decraese) /Increase in other current liabilities	**(46,17,09,259)**	45,29,75,325
	(Decrease) Increase in short-term provisions	**2,43,96,013**	(3,45,45,909)
	Cash Generated from / (used in) Operations	**1,05,13,673**	(3,35,46,599)
	Taxes Paid	**(1,12,05,515)**	1,320
	Net Cash Generated from Operating Activities (A)	**(6,91,842)**	(3,35,45,279)
B	**CASH FLOWS FROM INVESTING ACTIVITIES**		
	Purchase of Fixed Assets and CWIP	**-**	-
	Net Cash Used in Investing Activities (B)	**-**	-
C	**CASH FLOW FROM FINANCING ACTIVITIES:**		
	Proceeds from Issue of Preference Share Capital (including Prer	**-**	-
	Proceeds of Equity Share Capital (including Premium)	**-**	-
	Net Cash Used in Financing Activities ('C)	**-**	-
	Net Increase / (Decrease) in Cash and Cash Equivalents	**(6,91,842)**	(3,35,45,279)
	Cash and Cash Equivalents at the Beginning of the Year	**30,09,395**	3,65,54,674
	Cash and Cash Equivalents at the End of the Year	**23,17,553**	30,09,395

Notes :
1. Figures in bracket indicate cash outgo.
2. Cash and Cash Equivalents includes cash in hand and bank balance.

RELIANCE GLOBALCOM LIMITED
Statement of changes in equity for the year ended March 31, 2019

Equity attributable to shareholders

Particulars	Share capital	Retained Earnings	Other Comprehensive Income Remeasurement of Actuarial gain/ (Loss)
Balance as at 01.04.2017	5,00,000	2,66,41,941	(1,45,69,351)
Surplus/ (Deficit) of Statement of Profit and Loss		24,06,635	
Other Comprehensive Income			
Remeasurement of defined employee benefit			87,10,840
Balance as at 31.03.2018	**5,00,000**	**2,90,48,576**	**(58,58,511)**
Surplus/ (Deficit) of Statement of Profit and Loss		8,40,98,356	
Other Comprehensive Income			
Remeasurement of defined employee benefit			(58,25,063)
Balance as at 31.03.2019	**5,00,000**	**11,31,46,932**	**(1,16,83,574)**

In terms of our report of even date

For Priti V Mehta & Co.
Chartered Accountants
Firm Regn. No. 129568W

Proprietor
Membership No. 130514

Place: Mumbai
Date: 24 May, 2019

For and on behalf of

Rajesh Burman
Director
DIN No: 07448741

Place: Mumbai
Date: 24 May,2019

RELIANCE GLOBALCOM LIMITED
Notes to the Financial Statements

		As at March 31, 2019	As at March 31, 2018
			Amount in ₹
2.01	**Income Tax Asset**		
	Advance income tax	19,99,310	2,96,918
	TDS Receivable	72,82,465	-
		92,81,775	**2,96,918**
2.02	**Trade receivables**		
	Considered Good	44,59,61,311	79,11,10,899
	Considered Doubtful	-	-
		44,59,61,311	**79,11,10,899**
	Less: Allowance for doubtful debts	-	-
	Total	**44,59,61,311**	**79,11,10,899**
2.03	**Cash and cash equivalents**		
	Balance with Banks		
	- Current Accounts	23,17,553	30,09,395
	Total	**23,17,553**	**30,09,395**
2.04	**Other Current Financial assets**		
	Unbilled Debtors	39,66,613	-
		39,66,613	**-**
2.05	**Other Current assets**		
	Prepaid expenses	22,58,185	14,23,229
	Advance for supply of goods and rendering of services	13,89,035	16,16,637
	Balances with Government authorities	13,44,04,630	7,64,19,395
	Other loans and advances	7,46,489	16,11,180
	Total	**13,87,98,339**	**8,10,70,441**

RELIANCE GLOBALCOM LIMITED
Notes to the Financial Statements

Amount in ₹

2.06 Equity

Share capital	**As at March 31, 2019**	**As at March 31, 2018**
Authorised	50,00,000	50,00,000
Issued, subscribed & fully paid up (Rs. 10 per share)	5,00,000	5,00,000
Total	**5,00,000**	**5,00,000**

i. Movement in share capital

	No. of Shares
As at April 1, 2018	50,000
Issued during the year	-
Foreign currency translation reserve	-
As at March 31, 2019	**50,000**

ii. Rights, preferences and restriction attached to the shares

The Company has only one class of equity shares having a par value of Rs. 10 per share. Each holder of equity shares is entitled to one vote per share. In the event of liquidaton of the Company, the holder of equity shares will be entitled to received remaining assets of the Company. The distribution will be in proportion to the number of equity shares held by the shareholder.

iii. Shares of the company held by holding/ultimate holding company

	As at March 31, 2019	**As at March 31, 2018**
a) Reliance Globalcom Ltd- Bermuda	50,000	50,000
	50,000	**50,000**

iv. Details of shareholders holding more than 5% shares in the Company

	As at March 31, 2019	**As at March 31, 2018**
Ordinary Shares		
a) Reliance Globalcom Ltd- Bermuda		
No. of Shares	50,000	50,000
%	100	100

a) Reserves & surplus **Retained earnings**	**As at March 31, 2019**	**As at March 31, 2018**
Opening balance	2,31,90,064	1,20,72,589
Net Profit / (loss) for the year	7,82,73,293	1,11,17,475
Closing balance	**10,14,63,357**	**2,31,90,064**

Retained earnings represent the amount of accumulated earnings at each Balance Sheet date, prepared in accordance with the basis of preparation section.

RELIANCE GLOBALCOM LIMITED
Notes to the Financial Statement

		As at March 31, 2019	As at March 31, 2018
2.07	**Trade payables**		
	Trade payables	42,93,35,210	37,13,80,661
	Total	**42,93,35,210**	**37,13,80,661**
2.08	**Other Financial liabilities** **Current**		
	Provision for Gratuity	1,26,35,995	15,29,348
	Provision for Employee Benefit obligation	1,34,27,502	1,38,136
	Provision For Superannuation	19,294	19,294
	Total	**2,60,82,791**	**16,86,778**
2.09	**Income tax liabilities (net)**		
	Income tax liabilities	3,04,94,000	45,70,658
	Total	**3,04,94,000**	**45,70,658**
2.10	**Other Current liabilities**		
	Employee payables	13,03,213	55,42,128
	Statutory liabilities	1,11,47,020	97,80,701
	Advance from Customers	-	33,46,662
	Deferred Revenue	-	45,54,90,000
	Total	**1,24,50,233**	**47,41,59,491**

RELIANCE GLOBALCOM LIMITED
Notes to the Financial Statements

	For the year ended March 31, 2019	Amount in ₹ For the year ended March 31, 2018
2.11 Revenue from operations		
Income from staffing solutions	97,35,00,752	82,01,06,387
Income from Lease Capacity and other services	33,70,74,413	-
	1,31,05,75,165	**82,01,06,387**
2.12 Other income		
Provision/ Liabilities written back to the extent no longer required	41,16,506	-
Miscellaneous income	5,200	-
	41,21,706	**-**
2.13 Network operation expenses		
Landing stations and point of presence costs	36,06,012	-
	36,06,012	-
2.14 Employee benefits expense		
Salaries, wages and bonus	64,27,43,141	53,41,40,422
Contribution to Provident and other funds	5,18,56,319	4,32,60,310
Staff welfare expenses	6,14,64,596	5,44,15,565
	75,60,64,056	**63,18,16,297**
2.15 Finance Costs		
Interest and Financial Costs	-	66,74,513
	-	**66,74,513**
2.16 Other expenses		
Facility Usage Charges	5,78,35,444	5,32,40,385
Information Technology Support	12,58,28,250	11,60,61,376
Project Contract Expenses	23,82,67,816	-
Rates and Taxes	-	2,19,688
Travelling Expenses	31,64,889	32,57,802
Communication Expenses	13,02,581	6,48,879
Professional Fees	1,13,60,551	28,94,963
R & M - Off.Bldgs	45,38,850	-
Postage & Courier	1,530	10,342
Bank charges	1,64,844	1,36,958
Hire Charges	-	7,041
Payment to Auditors'	-	-
Audit Fees	1,90,743	4,38,800
Tax Audit Fees	1,00,900	21,200
Miscellaneous Expenses	28,048	52,170
	44,27,84,446	**17,69,89,604**

1. General Information

Reliance Globalcom Limited ('the Company') is domiciled and incorporated in India. The Company is a subsidiary of Reliance Globalcom Limited, Bermuda. The Company is engaged in the business of providing staffing solutions and other support services to group companies.

2. SIGNIFICANT ACCOUNTING POLICIES

a) Basis of Preparation of Financial Statements

The financial statements are prepared under historical cost convention in accordance with generally accepted accounting principles (GAAP) in India and in compliance with the Indian Accounting Standards (Ind AS) specified under section 133 to the Companies Act, 2013 read with Companies (Indian Accounting Standard) Rules, 2015 as notified/ amended by Ministry of Corporate Affairs, Government of India.

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle. Based on the nature of the services and their realization in cash and cash equivalents, the Company has ascertained its operating cycle as twelve months for the purpose of current – non-current classification of assets and liabilities.

b) Foreign Currency

Foreign Currency Transactions

Initial Recognition

On initial recognition, all foreign currency transactions are recorded by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

Subsequent Recognition

As at the reporting date, non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction. All non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined. All monetary assets and liabilities in foreign currency are restated at the end of accounting period. The resulting foreign exchange gains and losses are recognized in the Statement of Profit and loss on a net basis.

c) Property, plant and equipment

Recognition and measurement

Property, plant and equipment consists of network assets, leasehold improvements, computers and office equipment, vehicles, furniture and fittings.
Property, plant and equipment are stated at cost, net of accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the assets.

Subsequent expenditure

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the Statement of Profit and Loss during the financial period in which they are incurred.

Depreciation

Depreciation on all assets is calculated so as to write-down the cost of property, plant and equipment to its residual value over its estimated useful life. Estimated useful lives, residual values and depreciation methods are reviewed annually, taking into account commercial and technological obsolescence as well as normal wear and tear.
Depreciation is recorded on a straight-line basis over the estimated useful lives of the property, plant and equipment as follows:

Network assets..the shorter of 15 to 25 years or remaining useful lives
Leasehold improvements................................over the period of lease
Computers and office equipment....................3 to 6 years
Vehicles……………………………………….5 years
Furniture and fittings…...................................3 to 7 years

The estimated useful lives of network assets are determined based on the estimated period over which they will generate revenue. Depreciation on any capitalisation due to modifications, improvements of the assets is restricted to the remaining useful life of the fixed asset.
Any gain or loss on disposal of an item of property, plant and equipment is recognised in statement of profit or loss.

d) Impairment of Non-Financial assets

Non-financial assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset’s carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset’s fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non- financial assets that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

e) Financial Instruments

Financial instruments are recognised when the Company becomes a party to the contractual provisions of the instrument.

(a) Investments and other Financial Assets

(I) Classification
The Company classifies its financial assets in the following measurement categories:

a) those to be measured subsequently at fair value (either through other comprehensive income, or through Statement of profit and loss); and
b) those to be measured at amortised cost.

The classification depends on the Company’s business model for managing the financial assets and the contractual terms of the cash flows.
For assets measured at fair value, gains and losses will either be recorded in Statement of profit and loss or other comprehensive income (‘OCI’).

(II) Measurement

At initial recognition, the Company measures a financial asset at its fair value. Transaction costs of financial assets carried at fair value through the statement of profit and loss are expensed in the statement of profit and loss.

(III) Derecognition of financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the assets expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of the transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

(IV) Impairment of financial assets

The Company recognizes loss allowances using the expected credit loss (ECL) model for the financial assets which are not fair valued through profit or loss. Loss allowance for trade receivables with no significant financing component is measured at an amount equal to lifetime ECL. For all other financial assets, expected credit losses are measured at an amount equal to the 12-month ECL, unless there has been a significant increase in credit risk from initial recognition in which case those are measured at lifetime ECL. The amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognised as an impairment gain or loss in statement of profit or loss.

(b) Financial Liabilities
The Company determines the classification of its financial liabilities at initial recognition.

(I) Classification
The financial liabilities are classified in the following measurement categories:

a) those to be measured as financial liabilities at fair value through profit or loss,
b) those to be measured at amortised cost.

(II) Initial recognition and measurement

Financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. Financial liabilities are initially measured at the amortised cost unless at initial recognition, they are classified as fair value through profit and loss.

(III) Subsequent measurement

Financial liabilities are subsequently measured at amortised cost using the effective interest rate method. Financial liabilities carried at fair value through profit or loss are measured at fair value with all changes in fair value recognised in the statement of profit and loss.

(IV) Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the Statement of profit and loss.

f) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counter party.

g) Trade receivables

Trade receivables are amounts due from customers for services performed in the ordinary course of business. If collection is expected in one year or less , they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at fair value. They are subsequently measured at amortised cost (net of allowance for impairment) using the effective interest method, if the effect of discounting is considered material.

h) Cash and Cash Equivalents

In the statement of cash flows, cash and cash equivalents include cash in hand, demand deposits with banks, other short-term highly liquid investments with original maturities of three months or less and that are readily convertible to known amount of cash and cash equivalent and bank overdrafts.

i) Share Capital

Ordinary Common Shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

j) Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified under current liabilities if payment is due within one year or less. If not, they are presented under non-current liabilities.
Trade payables are recognised initially at fair value and subsequently measured at amortised cost using effective interest rate method.

k) Provisions and Contingent Liabilities

Provisions are recognised when there is a present legal or constructive obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and there is a reliable estimate of the amount of the obligation. Provisions are measured at the best estimate of the expenditure required to settle the present obligation at the Balance Sheet date and are not discounted to its present value.

Contingent Liabilities: Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made.

l) Current and deferred Tax

Tax expense for the period, comprising current tax and deferred tax, are included in the determination of the net profit or loss for the period. Current tax is measured at the amount expected to be paid to the tax authorities in accordance with the taxation laws prevailing in the respective jurisdictions.
Deferred tax is recognized, using the liability method, for all the temporary differences, subject to the consideration of prudence in respect of deferred tax assets. Deferred tax assets are recognised and carried forward only to the extent that it is probable that sufficient future taxable income will be available against which such deferred tax assets can be realised. However, where there is unabsorbed depreciation or carry forward loss, the deferred tax asset is recognised and carried forward only to the extent that it is probable that the assets will be realised in future. Deferred tax assets and liabilities are measured using the tax rates and tax

laws that have been enacted or substantively enacted by the Balance Sheet date. At each Balance Sheet date, the Company re-assesses unrecognised deferred tax asset if any.

Current tax assets and current tax liabilities are offset when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle the asset and the liability on a net basis. Deferred tax assets and deferred tax liabilities are offset when there is a legally enforceable right to set off assets against liabilities representing current tax and where the deferred tax assets and the deferred tax liabilities relate to taxes on income levied by the same governing taxation laws.

m) Revenue Recognition

In contracts involving the rendering of services, revenue is measured using the proportionate completion method when no significant uncertainty exists regarding the amount of consideration that will be derived from rendering the service.

n) Employee Benefits

Provident Fund
Contribution towards provident fund for certain employees is made to the regulatory authorities, where the Company has no further obligations. Such benefits are classified as Defined Contribution Schemes as the Company does not carry any further obligations, apart from the contributions made on a monthly basis.

Gratuity Plan
The Company provides for gratuity, a defined benefit plan (the “Gratuity Plan”) covering eligible employees in accordance with the Payment of Gratuity Act, 1972. The Gratuity Plan provides a lump sum payment to vested employees at retirement, death, incapacitation or termination of employment, of an amount based on the respective employee’s salary and the tenure of employment. The Company’s liability is actuarially determined (using the Projected Unit Credit method) at the end of each year. Actuarial losses / gains are recognised in the Statement of Profit and Loss in the year in which they arise.

Compensated absences:
Accumulated compensated absences, which are expected to be availed or encashed within 12 months from the end of the year end are treated as short term employee benefits. The obligation towards the same is measured at the expected cost of accumulating compensated absences as the additional amount expected to be paid as a result of the unused entitlement as at the year end.

Accumulated compensated absences, which are expected to be availed or encashed beyond 12 months from the end of the year end are treated as other long term employee benefits. The Company’s liability is actuarially determined (using the Projected Unit Credit method) at the end of each year. Actuarial losses/ gains are recognised in the Statement of Profit and Loss in the year in which they arise.

o) Use of Estimates

The presentation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of Balance Sheet and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognized in the year in which the results are known / materialized.

p) Earnings Per Share

i) Basic earnings per share

Basic earnings per share is calculated by dividing:
- the profit attributable to owners of the company
- by the weighted average number of equity shares outstanding during the financial year, adjusted for bonus elements in equity shares issued during the year.

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:
- the after income tax effect of interest and other financing costs associated with dilutive potential equity shares, and
- the weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

2.17 Earnings Per Share

Amount in ₹ except number of shares

	Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
A	Profit for the year attributable to shareholders	8,40,98,356	24,06,635
B	Weighted average number of share of INR 10 each used as denominator for calculating Basic and Diluted EPS	50 000	50 000
C	Basic and Diluted Earnings per Share (A/B)	1681.97	48.13

2.18 Segment Reporting

The Company has determined its business segment as providing staffing solutions and other support services to group companies. Since 100% of the business of Company is from providing staffing solution and other support services, there are no other primary reportable segments. The Group CEO of RGL along with steering committee performs the function of Chief Operating Decision Maker ('CODM'). The RGL Group has a single operating segment, viz. Data Services Business. The Data Services Business of RGL Group provides an integrated service to its global customers.

The CODM reviews the segment results at a combined level for all regions and businesses, when assessing the RGL Group's overall performance and deciding the manner in which to allocate resources.

Further, when a composite service is offered to a customer, while the billing may be done in one jurisdiction the services in-turn would be sought or assets used would be from different legal entities within the RGL Group domiciled in different geographies. Therefore, it is impracticable to meaningfully disclose service revenue by geographical locations.

2.19 Related party transactions

List of related parties:

(a) Parent company

i. Reliance Communication Limited
ii. Reliance Globalcom Limited

(b) Enterprises as affiliated companies are:

iii. Reliance Infocomm Infrastructure Limited (RIIL)
vi. Reliance Tech Services Limited (RTSL)
v. Vanco UK Limited

(c) Sales of services

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Service Revenue		
Parent company	59,07,26,871	50,07,72,621
Fellow subsidiaries	71,98,48,294	31,93,33,766
Total	**1,31,05,75,165**	**82,01,06,387**

Purchases of services

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Network Operating Expenses		
Fellow subsidiaries	18,36,63,694	16,93,01,761
Total	**18,36,63,694**	**16,93,01,761**

Year-end balances arising from sales/purchases of services

Particulars	As at March 31, 2019	As at March 31, 2018
Trade Receivables		
Parent company	24,44,87,697	12,44,34,743
Fellow subsidiaries	20,14,73,614	66,66,76,156
Total	**44,59,61,311**	**79,11,10,899**

Particulars	As at March 31, 2019	As at March 31, 2018
Advance from related parties		
Fellow subsidiaries	-	33,46,662
Total	**-**	**33,46,662**

Particulars	As at March 31, 2019	As at March 31, 2018
Unbilled Debtors		
Parent company	39,66,613	-
	39,66,613	-

Particulars	As at March 31, 2019	As at March 31, 2018
Trade Payables		
Ultimate Parent company	24,42,220	1,19,90,544
Fellow subsidiaries	34,16,03,469	34,18,38,599
Total	**34,40,45,689**	**35,38,29,142**

Particulars	As at March 31, 2019	As at March 31, 2018
Trade Accrual		
Fellow subsidiaries	5,57,31,732	-
Total	**5,57,31,732**	**-**

2.21 The previous year's figures have been regrouped and reclassified wherever necessary.

For Priti V Mehta & Co.	**For and on behalf of the Board**	
Chartered Accountants		
Firm Registration No. : 129568W		
	Rajesh Burman	**Rajan Pawaskar**
Proprietor	Director	Director
Membership Number: 130514	DIN No. 07448741	DIN No. 06530082
Place: Mumbai	Place: Mumbai	Place: Mumbai
Date: 24th May, 2019	Date: 24th May,2019	Date :24th May, 2019

Mahendra & Co.
Chartered Accountants

102, Neelkamal, Plot No.109
Kamothe, Sector 22
Raigad, Maharashtra 410210

Independent Auditors' Report

To the Members of
Reliance Communications Tamil Nadu Limited

Report on the Audit of the Financial Statements

Opinion

1. We have audited the accompanying financial statements of **Reliance Communications Tamil Nadu Limited** ("the Company"), which comprise the Balance Sheet as at 31st March 2019, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flow for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred as "the financial statements").

2. 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 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 31st March, 2019, and its loss including other comprehensive income, the changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

3. We conducted our audit of the financial statements in accordance with the Standards on Auditing (SAs) as specified under section 143(10) of the Companies Act, 2013 ("the Act"). Our responsibilities under those Standards are further described in the *Auditor's Responsibilities 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 there under, 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 we have obtained is sufficient and appropriate to provide a basis for our opinion on the financial statements.

Going Concern

4. We draw attention to Note 2.15 in the financial statements regarding accumulated loss exceeding the Net Worth of the Company and the Company has prepared the financial statements on a going concern basis for the reasons stated therein.
   Our opinion is not modified in this respect;

Management's Responsibility for the Financial Statements

5. 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 financial position, financial performance, changes in equity and cash flows of the Company in accordance with 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 of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and 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.
The Board of Directors is also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

Other Information

7. The Company's Board of Directors is responsible for the other information. The other information comprises the information included in Director's report and shareholders information included in the annual 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 material misstatement therein; we are required to report that fact. We have nothing to report in this regard.

Report on Other Legal and Regulatory Requirements

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

9. As required by Section 143 (3) of the Act, we report that:
   a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the 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, the Statement of Changes in Equity and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;

   d) In our opinion, the aforesaid financial statements comply with the Indian Accounting Standards prescribed under section 133 of the Act;

   e) On the basis of the written representations received from the Directors as on 31st March, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2019 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 B**";

   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 Company has not paid any managerial remuneration to directors during the year.

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

      (i) There were no pending litigations which would impact financial position of the Company.
      (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 during the year ended March 31, 2019.

For **Mahendra & Co.**
Chartered Accountants
Regn.No.509293C

Swati Garg
Partner
Membership No.424192

Place: Mumbai
Date: May 24, 2019

ANNEXURE A TO THE AUDITORS' REPORT

Referred to in our Report of even date on the Accounts of **Reliance Communications Tamil Nadu Limited** for the year ended March 31, 2019.

i) According to the information and explanations given to us, the Company has no fixed assets hence clause 3(i) of the Order is not applicable.

ii) As explained to us, there is no inventory during the year hence clause 3(ii) of the Order is not applicable.

iii) According to the information and explanations given, the Company has not granted any loan to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained pursuant to section 189 of the Act. Hence clause 3(iii) of the Order is not applicable.

iv) According to the information and explanations given to us, the Company has complied with section 185 and 186 of the Act, in respect of loans and investments made.

v) According to the information and explanations given to us, the Company has not accepted any deposits from the public.

vi) According to the information and explanations given to us, no cost records have been prescribed by the Central Government of India under section 148(1) of the Act.

vii) (a) Based on our examination of the books and records, the Company has generally been regular in depositing with appropriate authority undisputed statutory dues including provident fund, income-tax, duty of customs, Goods and Service Tax, cess and other statutory dues, wherever applicable, during the year. Further no undisputed amounts payable in respect of provident fund, income tax, Goods and Service Tax, duty of customs, cess and other statutory dues were in arrears as at March 31, 2019 for a period of more than six months from the date they became payable.

(b) As per the information and explanations given to us, there are no disputed statutory dues pending to be deposited with the respective authorities by the Company.

viii) The Company has not raised any funds from financial institutions or banks or by issue of debentures during the year, hence, question of repayment of dues to them does not arise.

ix) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, paragraph 3 (ix) of the Order is not applicable.

x) According to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.

xi) The Company has not paid any managerial remuneration. Hence paragraph 3(xi) of the Order is not applicable.

xii) In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.

xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable Indian Accounting Standards.

xiv) According to the information and explanations give to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.

xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.

xvi) According to the information and explanations given to us, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For **Mahendra & Co.**
Chartered Accountants
Regn.No.509293C

Swati Garg
Partner
Membership No.424192

Place: Mumbai
Date: May 24, 2019

ANNEXURE B TO THE AUDITORS' REPORT

(Referred to in paragraph 2(f) under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of **Reliance Communications Tamil Nadu Limited** ("the Company") 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 **Reliance Communications Tamil Nadu Limited** as of 31st March, 2019 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note 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 judgment, 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, 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, 2019, 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 issued by ICAI.

For **Mahendra & Co.**
Chartered Accountants
Regn.No.509293C

Swati Garg
Partner
Membership No.424192

Place: Mumbai
Date: May 24, 2019

Reliance Communications Tamil Nadu Limited

Balance Sheet as at March 31, 2019

(Amount in ₹)

	Notes		As at March 31, 2019		As at March 31, 2018
ASSETS					
Non Current Assets					
Investments	**2.01**		**260 00 00 000**		260 00 00 000
Current Assets					
Financial Assets					
Cash and Cash Equivalent	**2.02**		**3 96 905**		4 41 481
TOTAL			**260 03 96 905**		260 04 41 481
EQUITY AND LIABILITIES					
Equity					
(a) Equity Share Capital	**2.03**	5 00 000		5 00 000	
(b) Other Equity	**2.04**	(1 68 55 381)	**(1 63 55 381)**	(1 68 21 875)	(1 63 21 875)
Current Liabilities					
(a) Financial Liabilities					
(i) Borrowings	**2.05**	261 67 17 696		261 67 17 696	
(b) Other Current Liabilities	**2.06**	34 590	**261 67 52 286**	45 660	261 67 63 356
TOTAL			**260 03 96 905**		260 04 41 481

Significant Accounting Policies	**1**
Notes on Accounts	**2**

Notes referred to above form an integral part of the Financial Statements.

As per our Report of even date

For Mahendra & Co
Chartered Accountants
Firm Regn. No. 509293C

Swati Garg
Partner
Membership No. 424192

Place: Mumbai
Dated: May 24, 2019

For and on Behalf of the Board

Sanjeev Modi }
DIN:08109280 }
} **Directors**
Arvind Purohit }
DIN:08349713 }

Reliance Communications Tamil Nadu Limited
Statement of Profit and Loss for the year ended March 31, 2019

(Amount in ₹)

		Notes	For the year ended March 31, 2019	For the year ended March 31, 2018
I	**INCOME**			
	Other Income	2.07	-	5 500
	Total Income		-	5 500
II	**EXPENSES**			
	Other Expenses	2.08	33 506	1 35 451
	Total Expenses		33 506	1 35 451
III	**Profit/ (Loss) Before Tax (I - II)**		(33 506)	(1 29 951)
IV	Tax expense:			
	- Current Tax		-	-
V	**Profit/ (Loss) After Tax**		(33 506)	(1 29 951)
	Earning Per Share of face value ₹10 each fully paid up			
	Basic & Diluted (₹)	2.11	(0.67)	(2.60)
	Significant Accounting Policies	1		
	Notes on Accounts	2		

Notes referred to above form an integral part of the Financial Statements.

As per our Report of even date

For Mahendra & Co
Chartered Accountants
Firm Regn. No. 509293C

Swati Garg
Partner
Membership No. 424192

Place: Mumbai
Dated: May 24, 2019

For and on Behalf of the Board

Sanjeev Modi }
DIN:08109280 }
} **Directors**
Arvind Purohit }
DIN:08349713 }

Reliance Communications Tamil Nadu Limited

Statement of Change in Equity for the year ended March 31, 2019

(Amount in ₹)

(A) Equity (Refer Note - 2.03)

Balance at April 1, 2017	5 00 000
Change in equity share capital during the year	-
Balance at March 31, 2018	5 00 000
Change in equity share capital during the year	-
Balance at March 31, 2019	**5 00 000**

(B) Other Equity (Refer Note - 2.04)

Attributable to Equity holder

Particulars	**Retained Earnings**
Balance at April 1, 2017	(1 66 91 924)
Add : Profit/ (Loss) for the year	(1 29 951)
Balance as at March 31, 2018	(1 68 21 875)
Add : Profit/ (Loss) for the year	(33 506)
Balance at March 31, 2019	**(1 68 55 381)**

As per our Report of even date

For Mahendra & Co
Chartered Accountants
Firm Regn. No. 509293C

Swati Garg
Partner
Membership No. 424192

Place: Mumbai
Dated: May 24, 2019

For and on Behalf of the Board

Sanjeev Modi }
DIN:08109280 }
}
} Directors
}
Arvind Purohit }
DIN:08349713 }

Reliance Communications Tamil Nadu Limited

Statement of Cash Flow for the year ended March 31, 2019 (Amount in ₹)

			For the year ended March 31, 2019		For the year ended March 31, 2018
A	**CASH FLOW FROM OPERATING ACTIVITIES**				
	Net Profit/(Loss) before tax as per Statement of Profit and Loss		**(33 506)**		(1 29 951)
	Operating Profit/(Loss) before Working Capital Changes		**(33 506)**		(1 29 951)
	Working Capital Changes:				
	Current assets	-	**-**	51 538	
	Current Liabilities	(11 070)	**(11 070)**	13 534	65 072
	Cash Generated from Operations		(44 576)		**(64 879)**
	Tax Refund	-		-	
	Tax Adjustment	-	-	-	-
	Net Cash from / (used in) Operating Activities		**(44 576)**		(64 879)
B	**CASH FLOW FROM INVESTING ACTIVITIES**				
	Net Cash from / (used in) Investing Activities		**-**		-
C	**CASH FLOW FROM FINANCING ACTIVITIES**				
	Proceeds from / (Repayment of) Short Term Borrowings (net)		**-**		10 180
	Net Cash from / (used in) Financing Activities		**-**		10 180
	Net Increase/ (Decrease) in Cash and Cash Equivalents (A+B+C)		**(44 576)**		(54 699)
	Opening Balance of Cash and Cash Equivalents		**4 41 481**		4 96 180
	Closing Balance of Cash and Cash Equivalents		**3 96 905**		4 41 481

Note:

(1) Figures in brackets indicate cash outgo.

(2) Cash and cash equivalents includes cash on hand and bank balances including Fixed Deposits.

(3) Cash Flow Statement has been prepared under the Indirect Method set out in Indian Accounting Standard (Ind AS) 7 "Statement of Cash Flow".

As per our Report of even date

For Mahendra & Co
Chartered Accountants
Firm Regn. No. 509293C

Swati Garg
Partner
Membership No. 424192

Place: Mumbai
Dated: May 24, 2019

For and on Behalf of the Board

Sanjeev Modi }
DIN:08109280 }
}
} **Directors**
}
Arvind Purohit }
DIN:08349713 }

Reliance Communications Tamil Nadu Limited

Notes on Accounts to Financial Statements

1. General Information and Significant Accounting Policies

1.01 General Information

Reliance Communications Tamil Nadu Limited ("the Company"), is registered under the Companies Act 1956 and having Registered Office at H Block, 1st Floor, Dhirubhai Ambani Knowledge City, Navi Mumbai 400710. The Company is wholly owned subsidiary of Reliance Webstore Limited (RWSL)

1.02 Basis of Preparation of Financial Statements

The Financial Statements are prepared under historical cost convention except for certain financial instruments measured at fair value, in accordance with the generally accepted accounting principles (GAAP) in India and in compliance with the Indian Accounting Standards (Ind AS) specified under Section 133 of the Companies Act, 2013 ("the Act") read with Rule 3 of the Companies (Indian Accounting Standards) Rules 2015, the Companies (Indian Accounting Standards) Amendment Rules 2016 and other provisions of the Act to the extent notified and applicable, as well as applicable guidance note and pronouncements of the Institute of Chartered Accountants of India (ICAI).

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in Schedule III to the Act. Based on the nature of the services and their realisation in cash & cash equivalents, the Company has ascertained its operating cycle as twelve months for the purpose of current or non-current classification of assets and liabilities.

1.03 Recent Accounting Developments

Standards issued but not yet effective:

Recent pronouncements relating to Ind AS 116 "Leases", Ind AS 12 " Income Tax"and Ind AS 19 "Employee Benefits" issued by the Ministry of Corporate Affairs (the MCA), Government of India (GoI), applicable with effect from April 1, 2019, does not have any impact on Financial Statements of the Company.

1.04 Use of Estimates

The preparation and presentation of Financial Statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities and disclosure of contingent liabilities on the date of the Financial Statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates is recognised in the period in which the results are known / materialised. Estimates and underlying assets are reviewed on periodical basis. Revisions to accounting estimates are recognised prospectively.

The preparation of financial statements require the use of accounting estimates which, by definition, will seldom equal the actual results. The management also needs to exercise judgement in applying the accounting policies.

This provides an overview of the areas that involved a higher degree of judgement or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be different than those originally assessed. Detailed information about each of these estimates and judgements is included in relevant notes together with information about the basis of calculation for each affected line item in the financial statements.

Critical estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures including the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require an adjustment to the carrying amount of assets or liabilities in future periods. Difference between actual results and estimates are recognised in the periods in which the results are known / materialise.

The Company has based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

Management periodically evaluates positions taken in the tax returns giving due considerations to tax laws and establishes provisions in the event if required as a result of differing interpretation or due to retrospective amendments, if any.

Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Company and that are believed to be reasonable under the circumstances.

Reliance Communications Tamil Nadu Limited

Notes on Accounts to Financial Statements

1.05 Functional Currency and Presentation Currency

These financials statements are presented in Indian Rupees ("Rupees" or "₹") which is functional currency of the Company.

1.06 Borrowing Costs

Borrowing costs that are attributable to the acquisition, construction or production of qualifying assets are capitalised as part of the cost of such assets upto the commencement of commercial operations. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use. Other borrowing costs are recognised as expense in the year in which they are incurred.

1.07 Revenue Recognition and Receivables

i) Revenue is recognised when control over goods or services is transferred to a customer. A customer obtains control when he has the ability to direct the use of and obtain the benefits from the good or service, there is transfer of title, supplier has right to payment etc. – with the transfer of risk and rewards now being one of the many factors to be considered within the overall concept of control.

ii) The Company determines whether revenue should be recognised 'over time' or 'at a point in time'.

iii) Interest income on investment is recognised on time proportion basis. Interest income is accounted using the applicable Effective Interest Rate (EIR), which is the rate that exactly discounts estimated future cash receipts over the expected life of the financial assets to that asset's net carrying amount on initial recognition.

1.08 Taxation

Provision for income tax is made on the basis of taxable income for the year at current rates. Tax expense comprises of Current Tax and Deferred Tax at the applicable enacted or substantively enacted rates. Current tax represents the amount of Income Tax payable / recoverable in respect of the taxable income/loss for the reporting period. Deferred tax represents the effect of temporary difference between the carrying amount of assets and liabilities in the financial statement and the corresponding tax base used in computation of taxable income. Deferred Tax Liabilities are generally accounted for all taxable temporary differences. The deferred tax asset is recognised for all deductible temporary differences, carried forward of unused tax credits and unused tax losses, to the extent it is probable that taxable profit will be available against which those deductible temporary differences can be utilised. MAT credit is recognised as an asset only if it is probable that the Company will pay normal income tax during the specified period.

1.09 Provisions, Contingent Liabilities and Contingent Assets

Provisions involving substantial degree of estimation in measurement are recognised when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. 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 but disclosed in the financial statements, when economic inflow is probable.

1.10 Earning per Share

In determining Earning per Share, the Company considers the net profit or loss after tax and includes the post tax effect of any extraordinary/ exceptional item. Number of shares used in computing Basic Earning per Share is the weighted average number of shares outstanding during the period. Dilutive earning per share is computed and disclosed after adjusting effect of all dilutive potential equity shares, if any except when results will be anti dilutive. Dilutive potential Equity Shares are deemed converted as of the beginning of the period, unless issued at a later date.

1.11 Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial Assets

Classification

(i) The Company classifies financial assets as subsequently measured at amortised cost, fair value through other comprehensive income or fair value through profit or loss on the basis of its business model for managing the financial assets and the contractual cash flows characteristics of the financial asset.

(ii) In determining the fair value of its financial instruments, the Company uses a variety of methods and assumptions that are based on market conditions and risk existing at each reporting date. The method used to determine fair value include discounted cash flow analysis, available quoted market price. All method of assessing fair value result in general approximation of value, and such value may never actually be realized. For all other financial instruments the carrying amounts approximate fair value due to the short maturity of those instruments.

(iii) **Initial recognition and measurement**
All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

(iv) **Financial Assets measured at amortised cost:**
Financial assets are measured at amortised cost when asset is held within a business model, whose objective is to hold assets for collecting contractual cash flows and contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest. Such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. The losses arising from impairment are recognised in the profit or loss.

(v) **Financial Assets measured at fair value through profit or loss (FVTPL):**
Financial assets under this category are measured initially as well as at each reporting date at fair value with all changes recognised in the Statement of Profit and Loss.

(vi) **Investment in Mutual Funds:**
A Mutual fund is measured at amortised cost or at FVTPL with all changes recognised in the Statement of Profit and Loss.

(vii) **Derecognition of Financial Assets**
A financial asset is primarily derecognised when the rights to receive cash flows from the asset have expired or the Company has transferred its rights to receive cash flows from the asset.

(viii) **Impairment of Financial Assets**
In accordance with Ind - AS 109, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the financial assets that are Investment in Mutual fund.

Financial Liabilities

(i) **Classification**
The Company classifies all financial liabilities as subsequently measured at amortised cost, except for financial liabilities at fair value through profit or loss. Such liabilities, including derivatives that are liabilities, shall be subsequently measured at fair value.

(ii) **Initial recognition and measurement**
All financial liabilities are recognised initially at fair value, in the case of payables, net of directly attributable transaction costs. Financial liabilities include trade and other payables.

(iii) **Subsequent measurement**
Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading, if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments that are not designated as hedging instruments in hedge relationships as defined by Ind - AS 109. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

(iv) **Loans and Borrowings**
Interest-bearing loans and borrowings are subsequently measured at amortised cost using the Effective Interest Rate (EIR) method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the Statement of Profit and Loss.

(v) **Derecognition of Financial Liabilities**
A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the Statement of Profit and Loss.

(vi) **Derivative Financial Instrument and Hedge Accounting**
The Company uses derivative financial instruments, such as forward currency contracts and interest rate swaps, to hedge its foreign currency risks and interest rate risks respectively. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Reliance Communications Tamil Nadu Limited

Notes on Accounts to Financial Statements

(Amount in ₹)

		As at March 31, 2019	As at March 31, 2018
2.01 Investments			
Trade Investments			
In Preference Shares			
Unquoted, fully Paid up, At Cost			
1 34 77 000 (1 34 77 000)	1% Redeemable Non Cumulative Non Convertible Preference Shares of Reliance Telecom Limited of ₹ 10 each	260 00 00 000	260 00 00 000
		260 00 00 000	260 00 00 000
Aggregate Amount of Investments			
Unquoted		260 00 00 000	260 00 00 000
Quoted		**-**	-
		260 00 00 000	260 00 00 000
2.02 Cash and Cash Equivalent			
Balances with Banks in Current Account		3 96 905	4 41 481
		3 96 905	4 41 481

Reliance Communications Tamil Nadu Limited

Notes on Accounts to Financial Statements

(Amount in ₹)

		As at March 31, 2019		As at March 31, 2018
2.03 Share Capital				
Authorised				
50 000 Equity Shares of ₹ 10 each (50 000)		5 00 000		5 00 000
		5 00 000		5 00 000
2.04 Other Equity				
Surplus/(Deficit) in the Statement of Profit and Loss				
As per last Balance Sheet	(1 68 21 875)		(1 66 91 924)	
Add: Profit/(Loss) for the year	(33 506)		(1 29 951)	
Balance Carried Forward		(1 68 55 381)		(1 68 21 875)
		(1 68 55 381)		(1 68 21 875)

Reliance Communications Tamil Nadu Limited

Notes on Accounts to Financial Statements

(Amount in ₹)

2.05 Borrowings	**As at March 31, 2019**	As at March 31, 2018
Unsecured		
Loan from Body Corporate (Refer Note 2.17) (Repayable on demand)	261 67 17 696	261 67 17 696
	261 67 17 696	261 67 17 696

2.06 Other Current Liabilities		
Audit Fees Payable	14 160	28 860
Others	20 430	16 800
	34 590	45 660

Reliance Communications Tamil Nadu Limited

Notes on Accounts to Financial Statements

(Amount in ₹)

	For the year ended March 31, 2019	For the year ended March 31, 2018
Note 2.07 Other Income		
Miscellaneous Income	-	5 500
	-	5 500

	For the year ended March 31, 2019	For the year ended March 31, 2018
Note 2.08 Other Expenses		
Bank Charges	1 416	699
Professional Fees	14 750	-
Director Sitting Fees	-	60 000
Payment to Auditors		
- Audit Fees	13 710	14 860
Rates and Taxes	-	273
Miscellaneous Expenses	3 630	59 619
	33 506	1 35 451

Note 2.09 Previous Year

The figures for the previous year have been regrouped and reclassified, wherever required. Amount in financial statements are presented in Rupee, except as otherwise stated.

Note 2.10

1 **Financial Instruments**

The fair value of financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between the willing parties, other than in a forced or liquidation sale.

The following methods and assumptions have been used to estimate the fair values:

Fair value of cash and short-term deposits, trade and other short term receivables, trade payables, other current liabilities, short term loans approximate their carrying amounts largely due to the short term maturities of these instruments

Fair value hierarchy

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

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 - Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

The carrying value and fair value of the financial instruments by categories were as follows:

Particulars	**As at March 31, 2019**	As at March 31, 2018
Financial assets at amortised cost:		
Cash and cash equivalents (Refer Note 2.02)	**3 96 905**	4 41 481
Financial assets at Fair value through Statement of Profit and Loss:	**Nil**	Nil
Financial assets at fair value through Statement of Profit and Loss/ other Comprehensive Income:	**Nil**	Nil
Financial liabilities at amortised cost:		
Borrowings	**261 67 17 696**	261 67 17 696
Financial liabilities at fair value through Statement of Profit and Loss/ other Comprehensive Income:	**Nil**	Nil

2 **Financial Risk Management Objectives and Policies**

Activities of the Company expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The Company's primary focus is to foresee the unpredictability of financial markets and seek to minimize potential adverse effects on its financial performance.

The Company's financial liabilities comprise of borrowings to manage its operation and the financial assets include cash and bank balances, other receivables etc. arising from its operation.

(Amount in ₹)

Financial risk management

Market risk

The Company operates in India only. Market Risk is the risk that changes in market prices such as interest rates will affect income or value of its holding financial assets/ instruments.

Interest Rate Risk

Interest rate risk can be either fair value interest rate risk or cash flow interest rate risk. Fair value interest rate risk is the risk of changes in fair values of fixed interest bearing investments because of fluctuations in the interest rates. Cash flow interest rate risk is the risk that the future cash flows of floating interest bearing investments will fluctuate because of fluctuations in the interest rates.

Exposure to interest rate risk

The Company does not have Interest rate risk as there is no interest bearing liability

The Company does not have interest bearing financial instruments.

Fair value sensitivity analysis for fixed-rate instruments

The Company does not account for any fixed rate financial assets or financial liabilities at fair value through profit or loss. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

Cash flow sensitivity analysis for variable rate instruments

A reasonably possible change of 100 basis points in interest rates at the reporting date would have increased /(decreased) equity and profit or loss. However, as there is no financial instruments outstanding, hence sensitivity analysis not computed.

Derivative financial instruments

The Company does not hold derivative financial instruments

Credit risk

Credit risk refers to the risk of default on its obligation by the customer/ counter party resulting in a financial loss. The Company does not have exposure to the credit risk at the reporting date.

Liquidity risk

The Company’s principal sources of liquidity are cash and cash equivalents and the cash flow that is generated from operations. The Company does not have any contractual maturities of financial liabilities.

Note 2.11 Earnings per Share (EPS)	**As at March 31, 2019**	As at March 31, 2018
Numerator - Profit /(Loss) after tax (₹)	**(33 506)**	(1 29 951)
Denominator - Weighted number of equity shares	**50 000**	50 000
Basic as well as diluted, earning per equity share (₹)	**(0.67)**	(2.60)

Note 2.12 Segment Reporting

The Company is not having any reportable segment as per Indian Accounting Standard ("Ind AS")108 - 'Operating Segment'

Note 2.13 Deferred Tax

The Company does not have any items on which deferred tax should be recognised.

Note 2.14 Capital Management

Capital of the Company, for the purpose of capital management, include issued equity capital and all other equity reserves attributable to the equity holders of the Company.

The funding requirement is met through a mixture of equity, internal accruals and financial support extended by the other body corporate.

Note 2.15 Going Concern

The Accounts have been prepared on a 'Going concern basis' as the Company has been able to meet its obligations in the ordinary course of business and considering the assurance of the financial support extended by the other body corporate.

Note 2.16 Post Reporting Events

No adjusting or significant non-adjusting events have occurred between the reporting date and the date of authorisation.

Reliance Communications Tamil Nadu Limited

Notes on Accounts to Financial Statements

Note 2.17 Related Parties

As per Indian Accounting Standard ("Ind AS")-24 of "Related Party Disclosures", the disclosure of transactions with the related parties as defined therein are given below:

A. List of related parties and relationships :

a) Ultimate Holding Company

1. Reliance Communications Limited (RCOM)

b) Holding Company

1. Reliance Webstore Limited (RWSL)

c) Fellow Subsidiary Companies

1. Reliance Communications Infrastructure Limited (RCIL)
2. Reliance Infratel Limited (RITL)
3. Reliance Telecom Limited (RTL)

B. Transactions during the year with Related Parties and closing balances.

(Figures relating to current year are reflected in Bold, relating to previous year are reflected in brackets)

(Amount in ₹)

Sr.	Nature of Transactions	Ultimate Holding	Holding	Fellow Subsidiary	Total
A	**Equity Shares**				
	Balance as at April 1, 2018	**-**	**5 00 000**	**-**	**5 00 000**
		(-)	(5 00 000)	(-)	(5 00 000)
	Shares issued during the year	-	-	**-**	-
		(-)	(-)	(-)	(-)
	Shares transferred during the year	-	-	**-**	-
		(-)	(-)	(-)	(-)
	Balance as at March 31, 2019	**-**	**5 00 000**	**-**	**5 00 000**
		(-)	(5 00 000)	(-)	(5 00 000)
B	**Borrowings - Current**				
	Balance as at April 1, 2018	**55 757**	**-**	**261 66 61 939**	**261 67 17 696**
		(49 757)	(-)	261 66 57 759	261 66 08 002
	Unsecured Loan taken during the year	**-**	**-**	**-**	**-**
		(6 000)	(-)	(1 65 54 180)	(1 65 60 180)
	Repayment/Adjustment of Loan	**-**	**-**	**-**	**-**
		(-)	(-)	(1 65 50 000)	(1 65 50 000)
	Balance as at March 31, 2019	**55 757**	**-**	**261 66 61 939**	**261 67 17 696**
		(55 757)	(-)	(261 66 61 939)	(261 67 17 696)
C	**Non Current Investments**	**-**	**-**	**260 00 00 000**	**260 00 00 000**
		(-)	(-)	(260 00 00 000)	(260 00 00 000)
D	**Other Current Liabilities**	**-**	**18 630**	**-**	**18 630**
		(-)	(-)	(-)	(-)

Note 2.18 Authorisation of Financial Statements

The financial statements for the year ended March 31, 2019 were approved by the Board of Directors on May 24, 2019.

As per our Report of even date

For Mahendra & Co
Chartered Accountants
Firm Regn. No. 509293C

Swati Garg
Partner
Membership No. 424192

Place: Mumbai
Dated: May 24, 2019

For and on Behalf of the Board

Sanjeev Modi }
DIN:08109280 }
}
} **Directors**
}
Arvind Purohit }
DIN:08349713 }

Mahendra & Co.
Chartered Accountants

102, Neelkamal, Plot No.109
Kamothe, Sector 22
Raigad, Maharashtra 410210

Independent Auditors' Report

To the Members of
Reliance BPO Private Limited

Report on the Audit of the Financial Statements

Opinion

1. We have audited the accompanying financial statements of **Reliance BPO Private Limited** ("the Company"), which comprise the Balance Sheet as at 31^{st} March 2019, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flow for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred as "the financial statements").

2. 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 Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31^{st} March, 2019, and its loss including other comprehensive income, the changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

3. We conducted our audit of the financial statements in accordance with the Standards on Auditing (SAs) as specified under section 143(10) of the Companies Act, 2013 ("the Act"). Our responsibilities under those Standards are further described in the *Auditor's Responsibilities 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 there under, 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 we have obtained is sufficient and appropriate to provide a basis for our opinion on the financial statements.

Going Concern

4. We draw attention to Note 2.14 in the financial statements regarding accumulated loss exceeding the Net Worth of the Company and the Company has prepared the financial statements on a going concern basis for the reasons stated therein.
   Our opinion is not modified in this respect;

Management's Responsibility for the Financial Statements

5. 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 financial position, financial performance, changes in equity and cash flows of the Company in accordance with 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 of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and 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.
The Board of Directors is also responsible for overseeing the Company's financial reporting process.

Auditor’s Responsibilities for the Audit of the Financial Statements

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

Other Information

7. The Company’s Board of Directors is responsible for the other information. The other information comprises the information included in Director’s report and shareholders information included in the annual 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 material misstatement therein; we are required to report that fact. We have nothing to report in this regard.

Report on Other Legal and Regulatory Requirements

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

9. As required by Section 143 (3) of the Act, we report that:
   a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the 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, the Statement of Changes in Equity and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;

   d) In our opinion, the aforesaid financial statements comply with the Indian Accounting Standards prescribed under section 133 of the Act;

   e) On the basis of the written representations received from the Directors as on 31st March, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2019 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 B**";

   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 Company has not paid any managerial remuneration to directors during the year.

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

      (i) There were no pending litigations which would impact financial position of the Company.
      (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 during the year ended March 31, 2019.

For **Mahendra & Co.**
Chartered Accountants
Regn.No.509293C

Swati Garg
Partner
Membership No.424192

Place: Mumbai
Date: May 24, 2019

ANNEXURE A TO THE AUDITORS' REPORT

Referred to in our Report of even date on the Accounts of **Reliance BPO Private Limited** for the year ended March 31, 2019

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

b) The fixed assets have been physically verified by the management at reasonable interval and as informed, no material discrepancies were noticed on such verification. In our opinion, the frequency of verification is reasonable having regard to the size of the company and the nature of its assets.

c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.

ii) As explained to us, there is no inventory during the year hence clause 3(ii) of the Order is not applicable.

iii) According to the information and explanations given, the Company has not granted any loan to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained pursuant to section 189 of the Act. Hence clause 3(iii) of the Order is not applicable.

iv) According to the information and explanations given to us, the Company has no loans and investments made hence clause 3(iv) of the Order is not applicable.

v) According to information and explanations given to us, the Company has not accepted any deposits from the public.

vi) According to the information and explanations given to us, no cost records have been prescribed by the Central Government of India under section 148(1) of the Act.

vii) (a) Based on our examination of the books and records, the Company has generally been regular in depositing with appropriate authority undisputed statutory dues including provident fund, income-tax, duty of customs, Goods and Service Tax, cess and other statutory dues, wherever applicable, during the year. Further no undisputed amounts payable in respect of provident fund, income tax, Goods and Service Tax, duty of customs, cess and other statutory dues were in arrears as at March 31, 2018 for a period of more than six months from the date they became payable.
(b) As per the information and explanations given to us, there are no disputed statutory dues pending to be deposited with the respective authorities by the Company.

viii) The Company has not raised any funds from financial institutions or banks or by issue of debentures during the year, hence, question of repayment of dues to them does not arise.

ix) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, paragraph 3 (ix) of the Order is not applicable.

x) According to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.

xi) The Company has not paid any managerial remuneration. Hence paragraph 3(xi) of the Order is not applicable.

xii) In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.

xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable Indian Accounting Standards.

xiv) According to the information and explanations give to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.

xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.

xvi) According to the information and explanations given to us, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For **Mahendra & Co.**
Chartered Accountants
Regn.No.509293C

Swati Garg
Partner
Membership No.424192
Place: Mumbai
Date: May 24, 2019

ANNEXURE B TO THE AUDITORS' REPORT

(Referred to in paragraph 2(f) under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of **Reliance BPO Private Limited** ("the Company") 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 **Reliance BPO Private Limited** as of 31st March, 2019 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note 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 judgment, 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, 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, 2019, 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 issued by ICAI.

For **Mahendra & Co.**
Chartered Accountants
Regn.No.509293C

Swati Garg
Partner
Membership No.424192
Place: Mumbai
Date: May 24, 2019

Reliance BPO Private Limited

Balance Sheet as at March 31, 2019

₹ in lakh

	Notes		As at March 31, 2019		As at March 31,2018
ASSETS					
Non Current Assets					
(a) Property, Plant and Equipment	**2.01**	78.49		78.49	
(b) Capital Work in Progress	**2.01**	-	**78.49**	-	78.49
(c) Deferred Tax Assets	**2.02**		**26.54**		24.34
Current Assets					
(a) Financial Assets					
Cash and Cash Equivalents	**2.03**		**0.28**		0.74
Total Assets			**105.31**		103.57
EQUITY AND LIABILITIES					
Equity					
(a) Equity Share Capital	**2.04**	1.00		1.00	
(b) Other Equity	**2.05**	(809.46)	**(808.46)**	(759.38)	(758.38)
LIABILITIES					
Current Liabilities					
(a) Other Current Liabilities	**2.06**		**913.77**		861.95
Total Equity and Liabilities			**105.31**		103.57

Significant Accounting Policies **1**

Notes to Financial Statements **2**

Notes referred above form an integral part of the Financial Statements

As per our Report of even date

For Mahendra & Co
Chartered Accountants
Firm Regn. No. 509293C

For and on behalf of the Board

Rakesh Kumar Gupta
Director
DIN: 00130829

Swati Garg
Partner
Membership No. 424192

Pallavi Subhash Mane
Director
DIN: 08270359

Place: Mumbai
Dated: May 24, 2019

Reliance BPO Private Limited

Statement of Profit and Loss for the year ended March 31, 2019

₹ in lakh

		Notes	For the year ended March 31, 2019	For the year ended March 31, 2018
	INCOME			
I	Other Income		-	-
	Total Income		**-**	-
II	**EXPENSES**			
	Other Expenses	**2.07**	52.28	672.69
	Total Expenses		**52.28**	672.69
III	**Profit / (Loss) Before Tax (I-II)**		**(52.28)**	(672.69)
IV	Tax expense:			
	- Current Tax		-	-
	- Deferred Tax Charge/ (Credit) (net)	**2.02**	(2.20)	(1.10)
V	**Profit / (Loss) After Tax (III - IV)**		**(50.08)**	(671.59)
VI	**Other Comprehensive Income**		**-**	-
VII	**Total Comprehensive Income (V + VI)**		**(50.08)**	(671.59)
VIII	**Earnings per Share of ₹ 10 each fully paid up**			
	- Basic (₹)		(500.80)	(6,715.90)
	- Diluted (₹)		(500.80)	(6,715.90)

Significant Accounting Policies	**1**
Notes to Financial Statements	**2**

Notes referred above form an integral part of the Financial Statements.

As per our Report of even date

For Mahendra & Co
Chartered Accountants
Firm Regn. No. 509293C

For and on behalf of the Board

Rakesh Kumar Gupta
Director
DIN: 00130829

Swati Garg
Partner
Membership No. 424192

Pallavi Subhash Mane
Director
DIN: 08270359

Place: Mumbai
Dated: May 24, 2019

Reliance BPO Private Limited

Statements of Change in Equity for the year ended March 31, 2019

(a) Equity share capital

₹ in lakh

	For the year ended March 31, 2019	For the year ended March 31,2018
Balance at the beginning of the year	**1.00**	1.00
Change in equity share capital during the period	-	-
Balance at the end of the year	**1.00**	1.00

(b) Other Equity

₹ in lakh

Particulars	**Reserves and Surplus**		**Total**
	Securities Premium	**Retained Earnings**	
Balance as at April 1, 2017	1,00,848.52	(1,00,936.31)	(87.79)
Surplus/ (Deficit) of Statement of Profit and Loss	-	(671.59)	(671.59)
Other Comprehensive Income	-	-	
Balance as at March 31, 2018	**1,00,848.52**	**(1,01,607.90)**	**(759.38)**
Surplus/ (Deficit) of Statement of Profit and Loss	-	(50.08)	**(50.08)**
Other Comprehensive Income	-	-	**-**
Balance as at March 31, 2019	**1,00,848.52**	**(1,01,657.98)**	**(809.46)**

As per our Report of even date

For Mahendra & Co
Chartered Accountants
Firm Regn. No. 509293C

For and on behalf of the Board

Rakesh Kumar Gupta
Director
DIN: 00130829

Swati Garg
Partner
Membership No. 424192

Pallavi Subhash Mane
Director
DIN: 08270359

Place: Mumbai
Dated: May 24, 2019

Reliance BPO Private Limited

Statement of Cash Flow for the year ended March 31, 2019

₹ in Lakh

		For the year ended March 31, 2019		For the year ended March 31, 2018
A: CASH FLOW FROM OPERATING ACTIVITIES:				
Net Profit / (Loss) before tax as per Statement of Profit and Loss		**(52.28)**		(672.69)
Adjusted for:				
Impairment loss	**-**		668.04	
Unrealised Exchange Loss/ (Gain)	**51.82**		4.23	
		51.82		672.27
Operating Profit / (Loss) before Working Capital Changes		**(0.46)**		(0.42)
Adjusted for:				
Trade Payables and Other liabilities	**-**		0.30	
		-		0.30
Net Cash from /(Used in) Operating Activities		**(0.46)**		(0.12)
B: CASH FLOW FROM INVESTING ACTIVITIES:				
Net Cash from /(Used in) Investing Activities		**-**		-
C: CASH FLOW FROM FINANCING ACTIVITIES:				
Net Cash Used in Financing Activities		**-**		-
Net Increase / (Decrease) in Cash and Cash Equivalents (A+B+C)		**(0.46)**		(0.12)
Opening Balance of Cash and Cash Equivalents		**0.74**		0.86
Closing Balance of Cash and Cash Equivalents		**0.28**		0.74

Notes:

(1) Figures in brackets indicate cash outgo.

(2) Statement of Cash Flow has been prepared under the Indirect Method set out in Indian Accounting Standard (Ind AS) 7 "Statement of Cash Flow".

As per our Report of even date

For Mahendra & Co
Chartered Accountants
Firm Regn. No. 509293C

For and on behalf of the Board

Rakesh Kumar Gupta
Director
DIN: 00130829

Swati Garg
Partner
Membership No. 424192

Pallavi Subhash Mane
Director
DIN: 08270359

Place: Mumbai
Dated: May 24, 2019

Reliance BPO Private Limited

Notes to the Financial Statements

Note:1
General Information and Significant Accounting Policies

1.01 General Information

Reliance BPO Private Limited (“RBPO” or “the Company”), a subsidiary of Reliance Communications Infrastructure Limited ("RCIL" or " the Holding Company") . The Company is registered under the Companies Act, 1956, having Registered Office at Manek Mahal, Flat No. 19-20, 6th Floor, 90- Veer Nariman Road, Church Gate Mumbai-400020.

1.02 Basis of Preparation of Financial Statements

The Financial Statements are prepared under historical cost convention except for certain financial instruments measured at fair value, in accordance with the generally accepted accounting principles (GAAP) in India and in compliance with the Indian Accounting Standards (Ind AS) specified under Section 133 of the Companies Act, 2013 ("the Act") read with Rule 3 of the Companies (Indian Accounting Standards) Rules 2015, the Companies (Indian Accounting Standards) Amendment Rules 2016 and other provisions of the Act to the extent notified and applicable, as well as applicable guidance note and pronouncements of the Institute of Chartered Accountants of India (ICAI).

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in Schedule III to the Act. Based on the nature of the services and their realisation in cash & cash equivalents, the Company has ascertained its operating cycle as twelve months for the purpose of current or non-current classification of assets and liabilities.

1.03 Recent Accounting Developments

Standards issued but not yet effective:

Recent pronouncements relating to Ind AS 116 "Leases", Ind AS 12 " Income Tax"and Ind AS 19 "Employee Benefits" issued by the Ministry of Corporate Affairs (the MCA), Government of India (GoI), applicable with effect from April 1, 2019, does not have any impact on Financial Statements of the Company.

1.04 Use of Estimates

The preparation and presentation of Financial Statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities and disclosure of contingent liabilities on the date of the Financial Statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates is recognised in the period in which the results are known / materialised. Estimates and underlying assets are reviewed on periodical basis. Revisions to accounting estimates are recognised prospectively.

The preparation of financial statements require the use of accounting estimates which, by definition, will seldom equal the actual results. The management also needs to exercise judgement in applying the accounting policies.

This provides an overview of the areas that involved a higher degree of judgement or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be different than those originally assessed. Detailed information about each of these estimates and judgements is included in relevant notes together with information about the basis of calculation for each affected line item in the financial statements.

Critical estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures including the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require an adjustment to the carrying amount of assets or liabilities in future periods. Difference between actual results and estimates are recognised in the periods in which the results are known / materialise.

The Company has based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

Management periodically evaluates positions taken in the tax returns giving due considerations to tax laws and establishes provisions in the event if required as a result of differing interpretation or due to retrospective amendments, if any.

Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Company and that are believed to be reasonable under the circumstances.

1.05 Functional Currency and Presentation Currency

These financials statements are presented in Indian Rupees ("Rupees" or "₹") which is functional currency of the Company.

1.06 Borrowing Costs

Borrowing costs that are attributable to the acquisition, construction or production of qualifying assets are capitalised as part of the cost of such assets upto the commencement of commercial operations. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use. Other borrowing costs are recognised as expense in the year in which they are incurred.

1.07 Revenue Recognition and Receivables

i) Revenue is recognised when control over goods or services is transferred to a customer. A customer obtains control when he has the ability to direct the use of and obtain the benefits from the good or service, there is transfer of title, supplier has right to payment etc. – with the transfer of risk and rewards now being one of the many factors to be considered within the overall concept of control.

ii) The Company determines whether revenue should be recognised 'over time' or 'at a point in time'.

iii) Interest income on investment is recognised on time proportion basis. Interest income is accounted using the applicable Effective Interest Rate (EIR), which is the rate that exactly discounts estimated future cash receipts over the expected life of the financial assets to that asset's net carrying amount on initial recognition.

1.08 Taxation

Provision for income tax is made on the basis of taxable income for the year at current rates. Tax expense comprises of Current Tax and Deferred Tax at the applicable enacted or substantively enacted rates. Current tax represents the amount of Income Tax payable / recoverable in respect of the taxable income/loss for the reporting period. Deferred tax represents the effect of temporary difference between the carrying amount of assets and liabilities in the financial statement and the corresponding tax base used in computation of taxable income. Deferred Tax Liabilities are generally accounted for all taxable temporary differences. The deferred tax asset is recognised for all deductible temporary differences, carried forward of unused tax credits and unused tax losses, to the extent it is probable that taxable profit will be available against which those deductible temporary differences can be utilised. MAT credit is recognised as an asset only if it is probable that the Company will pay normal income tax during the specified period.

1.09 Provisions, Contingent Liabilities and Contingent Assets

Provisions involving substantial degree of estimation in measurement are recognised when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. 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 but disclosed in the financial statements, when economic inflow is probable.

1.10 Earning per Share

In determining Earning per Share, the Company considers the net profit or loss after tax and includes the post tax effect of any extraordinary/ exceptional item. Number of shares used in computing Basic Earning per Share is the weighted average number of shares outstanding during the period. Dilutive earning per share is computed and disclosed after adjusting effect of all dilutive potential equity shares, if any except when results will be anti dilutive. Dilutive potential Equity Shares are deemed converted as of the beginning of the period, unless issued at a later date.

1.11 Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial Assets

Classification

(i) The Company classifies financial assets as subsequently measured at amortised cost, fair value through other comprehensive income or fair value through profit or loss on the basis of its business model for managing the financial assets and the contractual cash flows characteristics of the financial asset.

(ii) In determining the fair value of its financial instruments, the Company uses a variety of methods and assumptions that are based on market conditions and risk existing at each reporting date. The method used to determine fair value include discounted cash flow analysis, available quoted market price. All method of assessing fair value result in general approximation of value, and such value may never actually be realized. For all other financial instruments the carrying amounts approximate fair value due to the short maturity of those instruments.

(iii) **Initial recognition and measurement**

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

(iv) **Financial Assets measured at amortised cost:**

Financial assets are measured at amortised cost when asset is held within a business model, whose objective is to hold assets for collecting contractual cash flows and contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest. Such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. The losses arising from impairment are recognised in the profit or loss.

(v) **Financial Assets measured at fair value through profit or loss (FVTPL):**

Financial assets under this category are measured initially as well as at each reporting date at fair value with all changes recognised in the Statement of Profit and Loss.

(vi) **Investment in Mutual Funds:**

A Mutual fund is measured at amortised cost or at FVTPL with all changes recognised in the Statement of Profit and Loss.

(vii) **Derecognition of Financial Assets**

A financial asset is primarily derecognised when the rights to receive cash flows from the asset have expired or the Company has transferred its rights to receive cash flows from the asset.

(viii) **Impairment of Financial Assets**

In accordance with Ind - AS 109, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the financial assets that are Investment in Mutual fund.

Financial Liabilities

(i) **Classification**

The Company classifies all financial liabilities as subsequently measured at amortised cost, except for financial liabilities at fair value through profit or loss. Such liabilities, including derivatives that are liabilities, shall be subsequently measured at fair value.

(ii) **Initial recognition and measurement**

All financial liabilities are recognised initially at fair value, in the case of payables, net of directly attributable transaction costs. Financial liabilities include trade and other payables.

(iii) **Subsequent measurement**

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading, if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments that are not designated as hedging instruments in hedge relationships as defined by Ind - AS 109. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

(iv) **Loans and Borrowings**

Interest-bearing loans and borrowings are subsequently measured at amortised cost using the Effective Interest Rate (EIR) method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the Statement of Profit and Loss.

(v) **Derecognition of Financial Liabilities**

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the Statement of Profit and Loss.

(vi) **Derivative Financial Instrument and Hedge Accounting**

The Company uses derivative financial instruments, such as forward currency contracts and interest rate swaps, to hedge its foreign currency risks and interest rate risks respectively. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Reliance BPO Private Limited

Notes to the Financial Statements

2.01 Property, Plant and Equipment

₹ in lakh

Particulars	Freehold Land	Capital Work in Progress
Gross carrying value		
As at April 1, 2017	78.49	668.04
Additions	-	-
Disposals	-	-
Impairment Loss		(668.04)
As at March 31, 2018	78.49	-
Additions	-	-
Disposals	-	-
As at March 31, 2019	**78.49**	**-**
Accumulated Depreciation		
As at April 1, 2017	-	-
Depreciation for the year	-	-
Disposals	-	-
As at March 31, 2018	-	-
Depreciation for the year	-	-
Disposals	-	-
As at March 31, 2019	-	-
Net Carrying value		
As at March 31, 2018	78.49	-
As at March 31, 2019	**78.49**	**-**

2.02 Deferred Tax Assets

₹ in lakh

Particulars	**As at March 31, 2019**	As at March 31, 2018	**For the year ended March 31, 2019**	For the year ended March 31, 2018
(i) Deferred Tax Assets				
Related to timing difference on Indexed Cost of PPE	26.54	24.34	2.20	1.10
	26.54	24.34	**2.20**	1.10
(ii) Deferred Tax Liabilities	**-**	-	-	-
Net Deferred Tax Assets	**26.54**	24.34	**2.20**	1.10

Significant management judgement is considered in determining provision for income tax, deferred tax assets and liabilities and recoverability of deferred tax assets. The recoverability of deferred tax assets is based on estimate of the taxable income for the period over which deferred tax assets will be recovered.

The Company has unused capital gain tax losses which according to the management will be used to setoff taxable profit arising in subsequent years from sale of asset of the Company. However, Deferred Tax Assets have not been recognised except timing difference on Indexed Cost of PPE. Year wise expiry of total Losses are as under:

Sr.	**Year of Expiry**	**Amount of Loss (₹ in lakh)**
i.	Financial Year 2023-24	0.45

(a) Amounts recognised in profit and loss

₹ in lakh

	For the year ended March 31, 2019	For the year ended March 31, 2018
Current income tax	-	-
Deferred income tax liability / (asset), net	(2.20)	(1.10)
Tax expense for the year	**(2.20)**	(1.10)

(b) Amounts recognised in other comprehensive income	**Nil**	Nil

(c) Reconciliation of Tax Expenses

Profit/ (Loss) before Tax	(52.28)	(672.69)
Applicable Tax Rate	26.00%	25.75%
Computed Tax Expenses (I)	(13.59)	(173.22)
Expenses not allowed in Taxable Income	13.59	173.22
On account of timing difference on Indexed Cost of PPE	(2.20)	(1.10)
Subtotal (II)	**11.39**	172.12
Income Tax Expenses charge/ (credit) to Statement of Profit and Loss (I+II)	**(2.20)**	(1.10)

2.03 Cash and Cash Equivalents

₹ in lakh

Particulars	**As at March 31, 2019**	As at March 31, 2018
Balance with Banks		
-In Current accounts	0.28	0.74
	0.28	0.74

Reliance BPO Private Limited

Notes to the Financial Statements

2.04 Share Capital

₹ in lakh

Particulars		As at March 31, 2019	As at March 31, 2018
Authorised			
1,00,000 (1,00,000)	Equity Shares of ₹ 10 each	10.00	10.00
1,05,00,000 (1,05,00,000)	Preference Shares of ₹ 10 each	1,050.00	1,050.00
		1,060.00	1,060.00
Issued, Subscribed and Paid up			
10,000 (10,000)	Equity Shares of ₹ 10 each fully paid-Up	1.00	1.00
		1.00	1.00

2.04.01 Share held by Holding Company

Details of Shareholders holding more than 5% shares in the Company

Equity Shares	As at March 31, 2019 No of Shares	As at March 31, 2019 %	As at March 31, 2018 No of Shares	As at March 31, 2018 %
Reliance Communications Infrastructure Limited, the Holding Company and its nominees	10,000	100%	10,000	100%
	10,000	**100%**	10,000	100%

2.04.02 Reconciliation of shares outstanding at the beginning and at the end of the year:

Equity Shares	As at March 31, 2019 Number	As at March 31, 2019 ₹ in Lakh	As at March 31, 2018 Number	As at March 31, 2018 ₹ in Lakh
At the beginning of the Year	10,000	1.00	10,000	1.00
Add/(Less): Changes during the Year	-	-	-	-
At the end of the Year	**10,000**	**1.00**	10,000	1.00

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

In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after the distribution of all the preferential amounts, in proportion to their shareholding.

Reliance BPO Private Limited

Notes to the Financial Statements

2.05 Other Equity

₹ in lakh

Particulars	As at March 31, 2019	As at March 31, 2018
Security Premium		
(i) Opening Balance	1,00,848.52	1,00,848.52
(ii) Additions during the year	-	-
	1,00,848.52	1,00,848.52
Surplus /(Deficit) in retained earnings		
(i) Opening Balance	(1,01,607.90)	(1,00,936.31)
(ii) Add: Profit /(Loss) for the year	(50.08)	(671.59)
(iii) Add: Other Comprehensive Income	-	-
	(1,01,657.98)	(1,01,607.90)
	(809.46)	(759.38)

2.06 Other Current Liabilities

₹ in lakh

Particulars	As at March 31, 2019	As at March 31, 2018
Creditors for Capital goods	900.39	848.57
Advance from Related Party	12.47	12.47
Other Liabilities	0.91	0.91
	913.77	861.95

Reliance BPO Private Limited

Notes to the Financial Statements

2.07 Other Expenses ₹ in lakh

Particulars	**For the year ended March 31, 2019**	For the year ended March 31, 2018
Professional Fee	0.15	0.11
Loss on Foreign currency transactions and translation	51.82	4.23
Loss on Discarding /Impairment of assets	-	668.04
Payment to Auditors		
-Statutory Audit Fee	0.30	0.30
Bank Charges	0.01	0.01
	52.28	672.69

Reliance BPO Private Limited

Notes to the Financial Statements

2.08 Previous Year

The figures of the previous year have been regrouped and reclassified, wherever required. Amount in financial statements are presented in Rupees in Lakh except as otherwise stated.

2.09 (i) Financial Instruments

The fair value of financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

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

Fair value of cash and short-term deposits and other current liabilities approximate their carrying amounts largely due to the short term maturities of these instruments

Fair value hierarchy

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

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 - Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

There is no fair valuation of financial instruments. The carrying value and fair value of financial instruments by categories as of March 31, 2019 were as follows:

₹ in lakh

	As at March 31, 2019	As at March 31 ,2018
Financial assets at amortised cost:		
Cash and cash equivalents (Refer Note 2.03)	**0.28**	0.74
Total	**0.28**	0.74
Financial liabilities at amortised cost:	Nil	Nil

(ii) Financial Risk Management Objectives and Policies

The Company’s business activities expose it to a variety of financial risks, namely liquidity risk, market risks and credit risk.

Risk	**Exposure arising**	**Measurement**	**Management**
Liquidity risk	Other liabilities	Rolling cash flow forecasts	Availability of committed credit lines facilities
Market risk – foreign exchange	Recognised financial liabilities	Sensitivity analysis	Unhedged

Liquidity risk

Liquidity risk is the financial risk that is encountered due to difficulty in meeting its obligations. Based on the assurance from other body corporates, the Company's management does not seems any Liquidity risk.

Market risk

The Company's liability towards Capex Creditors is payable in US Dollar hence exposed to foreign exchange risk to the extent, changes in market prices such as foreign exchange rates.

Notes to the Financial Statements

Foreign Currency Risk from financial instruments as of :

₹ in lakh

		As at March 31, 2019	As at March 31 ,2018
Creditors for Capital goods	₹ in lakh	**900.39**	848.57
	USD in Million	**1.30**	1.30

Sensitivity Analysis

The sensitivity of profit or loss to changes in the exchange rates arises mainly from foreign currency denominated financial instruments as mentioned below:

₹ in lakh

	For the year ended March 31, 2019	For the year ended March 31, 2018
Impact of 2% increase in exchange rate of USD INR	**18.01**	16.97

If exchange rate is affected with decrease by 2%, profit shall also accordingly be affected.

2.10 Related Parties

As per the Indian Accounting Standard ("Ind AS") 24 of "Related Party Disclosures", the disclosure of transactions with the related parties as defined therein are given below:

Name of the Related Party	Relationship
Reliance Communications Infrastructure Limited (RCIL)	Holding Company

Sr.	Nature of Transactions	Holding Company RCIL ₹ in Lakh
a)	Other Current Liabilities (Previous year ₹ 12.47 Lakh)	**12.47**

₹ in lakh

	2.11 Earning per Share	For the year ended March 31, 2019	For the year ended March 31, 2018
(a)	Net Profit/(Loss) attributable to Equity Share Holders (₹ in Lakh)	**(50.08)**	(671.59)
(b)	Weighted Average Number of equity shares used as denominator for Calculating EPS	**10,000**	10,000
(c)	Basic and Diluted Earning per equity shares -(₹) (Face value ₹10 each)	**(500.80)**	(6,715.90)

2.12 Segment Reporting

The Company is not having any reportable segment as per Indian Accounting Standard ("Ind AS")108 - 'Operating Segment'

Reliance BPO Private Limited

Notes to the Financial Statements

2.13 Capital Management

Capital of the Company, for the purpose of capital management, include issued equity capital and all other equity reserves attributable to the equity holders of the Company.
The funding requirement is met through a mixture of equity, internal accruals and financial support extended by the other body corporate.

2.14 Going Concern

The Accounts have been prepared on a 'Going concern basis' as the Company has been able to meet its obligations in the ordinary course of business and considering the assurance of the financial support extended by the other body corporate.

2.15 Post Reporting Events

No adjusting or significant non-adjusting events have occurred between the reporting date and the date of authorisation.

2.16 Authorisation of Financial Statements

The financial statements for the year ended March 31, 2019 are approved by the Board of Directors on May 24, 2019.

As per our Report of even date

For Mahendra & Co
Chartered Accountants
Firm Regn. No. 509293C

Swati Garg
Partner
Membership No. 424192

Place: Mumbai
Dated: May 24, 2019

For and on behalf of the Board

Rakesh Kumar Gupta
Director
DIN: 00130829

Pallavi Subhash Mane
Director
DIN: 08270359

Independent Auditor's Report

To the Members of Globalcom Realty Limited *(Formerly Reliance Infra Realty Limited)*

Report on the Standalone Financial Statements

Opinion

We have audited the accompanying Standalone financial statements of Globalcom Realty Limited ("*the Company*") which comprises the Balance Sheet as at March 31, 2019, the Statement of Profit and Loss, (statement of changes in equity) and statement of cash flows for the year then ended, and notes to the financial statements, including 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 standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, and profit/loss, (changes in equity) and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities 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 together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibility of Management for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance, (changes in equity)[i] and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the accounting Standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate implementation and maintenance of 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.

Report on Other Legal and Regulatory Requirements

As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the 'Annexure A' a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

As required by Section 143(3) of the Act, we report that:

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.

a. 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 [and proper returns adequate for the purposes of our audit have been received from the branches not visited by us.

b. The reports on the accounts of the branch offices of the Company audited under Section 143(8) of the Act by branch auditors have been sent to us and have been properly dealt with by us in preparing this report.

c. The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.

d. In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

e. On the basis of the written representations received from the directors as on 31st March, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2019 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 B'.

g. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, 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 as at March 31, 2019

    ii. The Company did not have any long-term contracts including derivative contracts as at 31st March, 2019 for which there were any material foreseeable losses; and

    iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the year ended March 31, 2019.

For D.J. Diwan & Co
Chartered Accountants
Firm Regn.No. 102658W

Dilip J. Diwan
(Proprietor)
M. No. 016665

Place: Mumbai
Date: May 24, 2019

Globalcom Realty Limited *(Formerly Reliance Infra Realty Limited)*

Annexure A to Independent Auditor's Report – 31st March 2019

With reference to the 'Annexure A' referred to in the Independent Auditors' Report to the Members of Globalcom Realty Limited ('the Company') on the financial statements for the year ended March 31, 2019, we report the following:

1. The company does not have fixed assets as on 31st March 2019. Accordingly paragraphs 1(a), (b) and (c) of the orders are not applicable to the company.

2. The Company does not have inventories at the end of financial year. Accordingly paragraphs 2 of the orders are not applicable to the company.

3. The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other covered in the register maintained under section 189 of the Act. Accordingly paragraphs 3(iii) (a), (b) and (c) of the Order are not applicable to the Company.

4. In our opinion and according to the information and explanations given to us, the company has not given loans, investments, guarantees, and any security under provisions of section 185 and 186 of the Companies Act, 2013. Accordingly, Paragraph 3(iv) of the Order is not applicable to the Company.

5. In our opinion, and information and explanations given to us, the Company has not accepted deposits as per directives issued by the Reserve Bank of India under the provisions of Section 73 to 76 or any other relevant provisions of the Act and the rules framed there under. Accordingly, Paragraph 3(v) of the Order is not applicable to the Company.

6. The Central Government has not prescribed maintenance of cost records under Sub-Section (1) of section 148 of the Companies Act, 2013. Accordingly the clause 3(vi) is not applicable.

7. According to the information and explanation given to us and on the basis of our examination of the records of the company, the Company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, goods and services tax, income tax, cess, and other material statutory dues applicable to the Company. According to the information and explanations given to us, no undisputed amounts payable in respect of goods and services tax, income tax, and cess were in arrears as at March 31, 2019for a period of more than six months from the date they became payable.

8. The company has not raised loans from Financial Institutions or Banks or Government or debenture holders. Hence clause 3(viii) of the order requiring comment on repayment of the dues to them is not applicable.

9. In our opinion and according to the information and explanations given to us, the company has not raised money by way of Initial public offer or further public offer

(including debt instruments) and term loans during the year. Accordingly, the provision of Clause 3(ix) of the order is not applicable to the company.

10. According to the information and explanations given to us, no significant fraud on or by the company by its officers or employees, that causes a material misstatement to the financial statements, has been noticed or reported during the year.

11. According to the information and explanations given to us, the company has not paid or provided managerial remuneration during the year. Accordingly, the provision of Clause 3(xi) of the order is not applicable to the company.

12. As the company is not the Nidhi Company, the provision of Clause 3(xii) of the order is not applicable to the company.

13. According to the information and explanations given to us, the company has made all the transactions with the related parties in compliance with sections 177 & 188 of Companies Act and the details have been disclosed in the Financial Statements as required by the applicable Accounting Standards.

14. According to the information and explanations given to us, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year as per section 42 of the Companies Act.2013. Accordingly, the provision of Clause 3(xiv) of the order is not applicable to the company.

15. According to the information and explanations given to us, the company has not entered into any non cash transactions with the directors or persons connected with them as per section 192 of Companies Act, 2013.

16. The company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the clause 3(xvi) is not applicable.

For D.J. Diwan & Co
Chartered Accountants
Firm Regn.No. 102658W

Dilip J. Diwan
(Proprietor)
M. No. 016665

Place: Mumbai
Date: May 24, 2019

Annexure B to Independent Auditor's Report – 31st March 2019 on the Financial Statements of Globalcom Realty Limited *(Formerly Reliance Infra Realty Limited)*

Report on the Internal Financial Controls 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 Globalcom Realty Limited ('the Company') as of March 31, 2019 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

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

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

Annexure B to Independent Auditor's Report – 31st March 2019 on the Financial Statements of Globalcom Realty Limited *(Formerly Reliance Infra Realty Limited)*

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles.

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2019, based on "the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India".

For D.J. Diwan & Co
Chartered Accountants
Firm Regn.No. 102658W

Dilip J. Diwan
(Proprietor)
M. No. 016665

Place: Mumbai
Date: May 24, 2019

Globalcom Realty Limited

Balance Sheet as at March 31, 2019

(Amount in ₹)

	Note		As at March 31, 2019		As at March 31, 2018
ASSETS					
Current Assets					
(a) Financial Assets					
(i) Cash and Cash Equivalents	**2.01**		**4 16 576**		4 56 742
Total Assets			**4 16 576**		4 56 742
EQUITY AND LIABILITIES					
Equity					
(a) Equity Share Capital	**2.02**	**5 00 000**		5 00 000	
(b) Other Equity	**2.03**	**(1 30 739)**	**3 69 261**	(1 00 413)	3 99 587
Liabilities					
Current Liabilities					
(a) Other Current Liabilities	**2.04**		**47 315**		57 155
Total Equity and Liabilities			**4 16 576**		4 56 742
Significant Accounting Policies	**1**				
Notes on Accounts	**2**				

Notes referred to above form an integral part of the Financial Statements.

As per our Report of even date
For **D.J. DIWAN & CO.**
Chartered Accountants
(Firm Registration No.102658W)

DILIP JIVANDAS DIWAN
(Proprietor)
Membership No.016665

Place : Mumbai
Date : May 24, 2019

For and on behalf of the Board

Anil Kalya }
DIN: 06460981 }
} **Directors**
}
}
Rakesh K Gupta }
DIN: 00130829 }

Globalcom Realty Limited

Statement of Profit and Loss for the year ended March 31, 2019

(Amount in ₹)

		Note	For the year ended March 31, 2019	For the year ended March 31, 2018
	INCOME			
I	Other Income	**2.05**	**-**	9 925
II	**Total Income**		**-**	**9 925**
III	**EXPENSES**			
	General and Administration Expenses	**2.06**	**30 326**	14 777
IV	**Total Expenses**		**30 326**	14 777
V	**Profit (Loss) Before Tax (II -IV)**		**(30 326)**	(4 852)
VI	Tax expense:			
	- Current Tax		**-**	-
VII	**Profit After Tax**		**(30 326)**	(4 852)
	Earning per Share of face value of ₹ 10 each fully paid up			
	Basic and Diluted (₹)	**2.09**	**(0.61)**	(0.10)
	Significant Accounting Policies	**1**		
	Notes on Accounts	**2**		

Notes referred to above form an integral part of the Financial Statements.

As per our Report of even date
For D.J. DIWAN & CO.
Chartered Accountants
(Firm Registration No.102658W)

DILIP JIVANDAS DIWAN
(Proprietor)
Membership No.016665

Place : Mumbai
Date : May 24, 2019

For and on Behalf of the Board

Anil Kalya }
DIN: 06460981 }
} **Directors**
Rakesh K Gupta }
DIN: 00130829 }

Globalcom Realty Limited

Statement of Change in Equity for the year ended March 31, 2019

(Amount in ₹)

A Equity (Refer Note.2.02)

Balance at April 1, 2017	5,00,000
Change in equty share capital during the year	-
Balance at March 31, 2018	5,00,000
Change in equty share capital during the year	-
Balance at March 31, 2019	**5,00,000**

B Other Equity (Refer Note.2.03)

Particular	**Retained Earnings**
Balance as at April 01, 2017	(95 676)
Add : (Loss) for the year	(4 852)
Balance as at March 31, 2018	(1 00 528)
Add : (Loss) during the year	(30 326)
Balance as at March 31, 2019	**(1 30 854)**

As per our Report of even date
For D.J. DIWAN & CO.
Chartered Accountants
(Firm Registration No.102658W)

DILIP JIVANDAS DIWAN
(Proprietor)
Membership No.016665

Place : Mumbai
Date : May 24, 2019

For and on Behalf of the Board

Anil Kalya }
DIN: 06460981 }
} **Directors**
}
}
Rakesh K Gupta }
DIN: 00130829 }

Globalcom Realty Limited

Statement of Cash Flow for the year ended March 31, 2019

(Amount in ₹)

			For the year ended March 31, 2019		For the year ended March 31, 2018
A	**CASH FLOW FROM OPERATING ACTIVITIES**				
	Net Profit / (Loss) before tax as per Statement of Profit and Loss		**(30 326)**		(4 852)
	Adjusted for:				
	Write back of Provision for Liabilities no longer required		**-**		(9 925)
	Operating Profit/(Loss) before Working Capital Changes		**(30 326)**		(14 777)
	Adjusted for:				
	Receivables and other Advances	-		1 960	
	Trade Payable and Other Liabilities	(9 840)	**(9 840)**	12 000	13 960
	Cash Used in Operations		**(40 166)**		(817)
	Tax Paid		-		-
	Net Cash from/(Used In) Operating Activities		**(40 166)**		(817)
B	**CASH FLOW FROM INVESTING ACTIVITIES**		**-**		-
	Net Cash from / (Used in) Investing Activities		**-**		-
C	**CASH FLOW FROM FINANCING ACTIVITIES**				
	Net Cash from Financing Activities		**-**		-
	Net Increase / Decrease in Cash and Cash Equivalents		**(40 166)**		(817)
	Opening Balance of Cash and Cash Equivalents		**4 56 742**		4 57 559
	Closing Balance of Cash and Cash Equivalents (Refer Note 2.01)		**4 16 576**		4 56 742

Note:

(1) Figures in brackets indicate cash outgo.

(2) Cash and cash equivalents includes cash on hand and bank balances including Fixed Deposits.

(3) Cash Flow Statement has been prepared under the Indirect Method set out in Indian Accounting Standards 7 "Statement of Cash flow".

As per our Report of even date
For D.J. DIWAN & CO.
Chartered Accountants
(Firm Registration No.102658W)

DILIP JIVANDAS DIWAN
(Proprietor)
Membership No.016665

Place : Mumbai
Date : May 24, 2019

For and on Behalf of the Board

Anil Kalya }
DIN: 06460981 }
} **Directors**
Rakesh K Gupta }
DIN: 00130829 }

Globalcom Realty Limited

Notes on Accounts to Financial Statements as at March 31, 2019
Note: 1
General Information and Significant Accounting Policies

1.01 General Information

Globalcom Realty Limited ("the Company"), is registered under Companies Act 1956 and having Registered Office at H Block, 1st Floor, Dhirubhai Ambani Knowledge City, Navi Mumbai 400710. The Company is wholly owned subsidiary of Reliance Communications Infrastructure Limited ("RCIL" or " the Holding Company").

1.02 Basis of Preparation of Financial Statements

The Financial Statements are prepared under historical cost convention except for certain financial instruments measured at fair value, in accordance with the generally accepted accounting principles (GAAP) in India and in compliance with the Indian Accounting Standards (Ind AS) specified under Section 133 of the Companies Act, 2013 ("the Act") read with Rule 3 of the Companies (Indian Accounting Standards) Rules 2015, the Companies (Indian Accounting Standards) Amendment Rules 2016 and other provisions of the Act to the extent notified and applicable, as well as applicable guidance note and pronouncements of the Institute of Chartered Accountants of India (ICAI).

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in Schedule III to the Act. Based on the nature of the services and their realisation in cash & cash equivalents, the Company has ascertained its operating cycle as twelve months for the purpose of current or non-current classification of assets and liabilities.

1.03 Recent Accounting Developments

Standards issued but not yet effective:

Recent pronouncements relating to Ind AS 116 "Leases", Ind AS 12 " Income Tax"and Ind AS 19 "Employee Benefits" issued by the Ministry of Corporate Affairs (the MCA), Government of India (GoI), applicable with effect from April 1, 2019, does not have any impact on Financial Statements of the Company.

1.04 Use of Estimates

The preparation and presentation of Financial Statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities and disclosure of contingent liabilities on the date of the Financial Statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates is recognised in the period in which the results are known / materialised. Estimates and underlying assets are reviewed on periodical basis. Revisions to accounting estimates are recognised prospectively.

The preparation of financial statements require the use of accounting estimates which, by definition, will seldom equal the actual results. The management also needs to exercise judgement in applying the accounting policies.

This provides an overview of the areas that involved a higher degree of judgement or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be different than those originally assessed. Detailed information about each of these estimates and judgements is included in relevant notes together with information about the basis of calculation for each affected line item in the financial statements.

Critical estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures including the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require an adjustment to the carrying amount of assets or liabilities in future periods. Difference between actual results and estimates are recognised in the periods in which the results are known / materialise.

The Company has based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

Management periodically evaluates positions taken in the tax returns giving due considerations to tax laws and establishes provisions in the event if required as a result of differing interpretation or due to retrospective amendments, if any.

Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Company and that are believed to be reasonable under the circumstances.

1.05 Functional Currency and Presentation Currency

These financials statements are presented in Indian Rupees ("Rupees" or "₹") which is funcitional currency of the Company.

1.06 Borrowing Costs

Borrowing costs that are attributable to the acquisition, construction or production of qualifying assets are capitalised as part of the cost of such assets upto the commencement of commercial operations. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use. Other borrowing costs are recognised as expense in the year in which they are incurred.

1.07 Revenue Recognition and Receivables

i) Revenue is recognised when control over goods or services is transferred to a customer. A customer obtains control when he has the ability to direct the use of and obtain the benefits from the good or service, there is transfer of title, supplier has right to payment etc. – with the transfer of risk and rewards now being one of the many factors to be considered within the overall concept of control.

ii) The Company determines whether revenue should be recognised ‘over time’ or ‘at a point in time’.

iii) Interest income on investment is recognised on time proportion basis. Interest income is accounted using the applicable Effective Interest Rate (EIR), which is the rate that exactly discounts estimated future cash receipts over the expected life of the financial assets to that asset’s net carrying amount on initial recognition.

1.08 Taxation

Provision for income tax is made on the basis of taxable income for the year at current rates. Tax expense comprises of Current Tax and Deferred Tax at the applicable enacted or substantively enacted rates. Current tax represents the amount of Income Tax payable / recoverable in respect of the taxable income/loss for the reporting period. Deferred tax represents the effect of temporary difference between the carrying amount of assets and liabilities in the financial statement and the corresponding tax base used in computation of taxable income. Deferred Tax Liabilities are generally accounted for all taxable temporary differences. The deferred tax asset is recognised for all deductible temporary differences, carried forward of unused tax credits and unused tax losses, to the extent it is probable that taxable profit will be available against which those deductible temporary differences can be utilised. MAT credit is recognised as an asset only if it is probable that the Company will pay normal income tax during the specified period.

1.09 Provisions, Contingent Liabilities and Contingent Assets

Provisions involving substantial degree of estimation in measurement are recognised when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. 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 but disclosed in the financial statements, when economic inflow is probable.

1.10 Earning per Share

In determining Earning per Share, the Company considers the net profit or loss after tax and includes the post tax effect of any extraordinary/ exceptional item. Number of shares used in computing Basic Earning per Share is the weighted average number of shares outstanding during the period. Dilutive earning per share is computed and disclosed after adjusting effect of all dilutive potential equity shares, if any except when results will be anti dilutive. Dilutive potential Equity Shares are deemed converted as of the beginning of the period, unless issued at a later date.

1.11 Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial Assets

Classification

(i) The Company classifies financial assets as subsequently measured at amortised cost, fair value through other comprehensive income or fair value through profit or loss on the basis of its business model for managing the financial assets and the contractual cash flows characteristics of the financial asset.

(ii) In determining the fair value of its financial instruments, the Company uses a variety of methods and assumptions that are based on market conditions and risk existing at each reporting date. The method used to determine fair value include discounted cash flow analysis, available quoted market price. All method of assessing fair value result in general approximation of value, and such value may never actually be realized. For all other financial instruments the carrying amounts approximate fair value due to the short maturity of those instruments.

(iii) **Initial recognition and measurement**

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

(iv) **Financial Assets measured at amortised cost:**

Financial assets are measured at amortised cost when asset is held within a business model, whose objective is to hold assets for collecting contractual cash flows and contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest.Such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. The losses arising from impairment are recognised in the profit or loss.

(v) **Financial Assets measured at fair value through profit or loss (FVTPL):**

Financial assets under this category are measured initially as well as at each reporting date at fair value with all changes recognised in the Statement of Profit and Loss.

(vi) **Investment in Mutual Funds:**

A Mutual fund is measured at amortised cost or at FVTPL with all changes recognised in the Statement of Profit and Loss.

(vii) **Derecognition of Financial Assets**

A financial asset is primarily derecognised when the rights to receive cash flows from the asset have expired or the Company has transferred its rights to receive cash flows from the asset.

(viii) **Impairment of Financial Assets**

In accordance with Ind - AS 109, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the financial assets that are Investment in Mutual fund.

Financial Liabilities

(i) **Classification**

The Company classifies all financial liabilities as subsequently measured at amortised cost, except for financial liabilities at fair value through profit or loss. Such liabilities, including derivatives that are liabilities, shall be subsequently measured at fair value.

(ii) **Initial recognition and measurement**

All financial liabilities are recognised initially at fair value, in the case of payables, net of directly attributable transaction costs. Financial liabilities include trade and other payables.

(iii) **Subsequent measurement**

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading, if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments that are not designated as hedging instruments in hedge relationships as defined by Ind - AS 109. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

(iv) **Loans and Borrowings**

Interest-bearing loans and borrowings are subsequently measured at amortised cost using the Effective Interest Rate (EIR) method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the Statement of Profit and Loss.

(v) **Derecognition of Financial Liabilities**

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the Statement of Profit and Loss.

(vi) **Derivative Financial Instrument and Hedge Accounting**

The Company uses derivative financial instruments, such as forward currency contracts and interest rate swaps, to hedge its foreign currency risks and interest rate risks respectively. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Globalcom Realty Limited

Notes on Accounts to Financial Statements as at March 31, 2019

(Amount in ₹)

Particulars	As at March 31, 2019	As at March 31, 2018
Note 2.01 Cash And Cash Equivalents		
Balances with Banks- In current account	4 16 576	4 56 742
	4 16 576	4 56 742
Note 2.02 Equity Share Capital		
Authorised		
50 000 Equity Shares of ₹ 10 each (50 000)	5 00 000	5 00 000
	5 00 000	5 00 000
Issued, Subscribed and Paid up		
50 000 Equity Shares of ₹ 10 each fully paid up (50 000)	5 00 000	5 00 000
	5 00 000	5 00 000

a) Shares held by Holding Company

	No. of Shares	%	No. of Shares	%
Reliance Communication Infrastructure Ltd and its nominees	**50 000**	**100%**	50 000	100%

b) Details of Shareholders holding more than 5% shares in the Company

	No. of Shares	%	No. of Shares	%
Reliance Communication Infrastructure Ltd and its nominees	**50 000**	**100%**	50 000	100%

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

	No of Shares	₹	No of Shares	₹
Equity Shares				
At the beginning of the year	50 000	5 00 000	50 000	5 00 000
Add/ (Less) : Changes during the year	**-**	**-**	-	-
At the end of the year	**50 000**	**5 00 000**	50 000	5 00 000

d) Terms/rights attached to equity shares

The Company has only one class of equity shares having a par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share. In the event of liquidation of the Company, the holder of equity share will be entitled to receive remaining assets of the Company. The distribution will be in proportion to the numbers of equity shares held by the shareholder.

Globalcom Realty Limited

Notes on Accounts to Financial Statements as at March 31, 2019

(Amount in ₹)

Particulars	As at March 31, 2019	As at March 31, 2018
Note 2.03 Other Equity		
Balance carried from last balance sheet	(1 00 413)	(95 561)
Add : Profit / (Loss) during the year	(30 326)	(4 852)
Balance at the end of the year	**(1 30 739)**	(1 00 413)
Note 2.04 Other Current Liabilities		
Audit Fees Payable	15 643	25 483
Other payable	31 672	31 672
	47 315	57 155

(Amount in ₹)

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Note 2.05 Other Income		
Miscellaneous Income	-	9 925
	-	**9 925**
Note 2.06 Other Expenses		
Audit Fees	14 160	12 000
Bank charges	1 416	817
Professional Fees	14 750	-
Other Miscellaneous Expenses	-	1 960
	30 326	**14 777**

Globalcom Realty Limited

Notes on Accounts to Financial Statements as at March 31, 2019

Note 2.07 Previous Year

The figures for the previous year have been regrouped and reclssified, wherever required. Amount in financial statements are presented in Rupees, except as otherwise stated.

Note : 2.08

1 **Financial Instruments**

The fair value of financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between the willing parties, other than in a forced or liquidation sale.

The following methods and assumptions have been used to estimate the fair values:

Fair value of cash and short-term deposits, trade and other short term receivables, trade payables, other current liabilities, short term loans approximate their carrying amounts largely due to the short term maturities of these instruments

Fair value hierarchy

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

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 - Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

The carrying value and fair value of the financial instruments by categories were as follows:

Particulars	**As at March 31, 2019**	As at March 31, 2018
Financial assets at amortised cost:		
Cash and cash equivalents (Refer Note 2.01)	**4 16 576**	4 56 742
Financial assets at fair value through Profit and Loss/ other Comprehensive Income:	**Nil**	Nil
Financial liabilities at amortised cost:	**Nil**	Nil
Financial liabilities at fair value through Statement of Profit and Loss/ other Comprehensive Income:	**Nil**	Nil

2 **Financial Risk Management Objectives and Policies**

Activities of the Company expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The Company's primary focus is to foresee the unpredictability of financial markets and seek to minimize potential adverse effects on its financial performance.

The Company's financial liabilities comprise of borrowings to manage its operation and the financial assets include cash and bank balances, other receivables etc. arising from its operation.

Financial risk management

Market risk

The Company operates in India only. Market Risk is the risk that changes in market prices such as interest rates will affect income or value of its holding financial assets/ instruments.

Interest Rate Risk

Interest rate risk can be either fair value interest rate risk or cash flow interest rate risk. Fair value interest rate risk is the risk of changes in fair values of fixed interest bearing investments because of fluctuations in the interest rates. Cash flow interest rate risk is the risk that the future cash flows of floating interest bearing investments will fluctuate because of fluctuations in the interest rates.

Exposure to interest rate risk
The Company does not have Interest rate risk as there is no interest bearing liability
The Company does not have interest bearing financial instruments.

Fair value sensitivity analysis for fixed-rate instruments
The Company does not account for any fixed rate financial assets or financial liabilities at fair value through profit or loss. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

Cash flow sensitivity analysis for variable rate instruments
A reasonably possible change of 100 basis points in interest rates at the reporting date would have increased /(decreased) equity and profit or loss. However, as there is no financial instruments outstanding, hence sensitivity analysis not computed.

Derivative financial instruments
The Company does not hold derivative financial instruments

Credit risk
Credit risk refers to the risk of default on its obligation by the customer/ counter party resulting in a financial loss. The Company does not have exposure to the credit risk at the reporting date.

Liquidity risk
The Company's principal sources of liquidity are cash and cash equivalents and the cash flow that is generated from operations. The Company doesnot have any contractual maturities of financial liabilities.

Note 2.09 Earning per share :

Particulars	**For the year ended March 31, 2019**	For the year ended March 31, 2018
Numerator - Profit /(Loss) after tax (₹)	**(30 326)**	(4 852)
Denominator - Weighted number of equity shares	**50 000**	50 000
Basic as well as Diluted, earning per equity share (₹)	**(0.61)**	(0.10)
		-

Note 2.10 Segment Reporting

The Company is not having any reportable segment as per Indian Accounting Standard ("Ind AS")108 - 'Operating Segment'

Note 2.11 Deferred Tax

The Company does not have any items on which deferred tax should be recognised.

Note 2.12 Capital Management

Capital of the Company, for the purpose of capital management, include issued equity capital and all other equity reserves attributable to the equity holders of the Company. The primary objective of the Company's capital management is to maximise shareholers value. The funding requirement is met through a mixture of equity, internal accruals and borrowings which the Company monitors on regular basis.

Note 2.13 Post Reporting Events

No adjusting or significant non-adjusting events have occurred between the reporting date and the date of authorisation.

Note 2.14 Related Parties:

As per Indian Accounting Standard ("Ind AS")-24 of "Related Party Disclosures", the disclosures", the disclosure of transactions with the related parties as defined therein are given below:

A. List of related parties and relationships :

a) Holding Company
1. Reliance Communications Infrastructure Limited

Globalcom Realty Limited

Notes on Accounts to Financial Statements as at March 31, 2019

B. Transactions during the year with Related Parties and closing balances.

(Figures relating to current year are reflected in Bold, relating to previous year are reflected in brackets)

(Amount in ₹)

Sr.	Nature of Transactions	Holding Company
	Equity Shares	
	Balance as at April 1, 2018	**5 00 000** (5 00 000)
	Shares issued during the year	**-** **-**
	Balance as at March 31, 2019	**5 00 000** (5 00 000)

Note 2.15 Authorisation of Financial Statements

The financial statements for the year ended March 31, 2019 were approved by the Board of Directors on May 24, 2019

As per our Report of even date
For D.J. DIWAN & CO.
Chartered Accountants
(Firm Registration No.102658W)

DILIP JIVANDAS DIWAN
(Proprietor)
Membership No.016665

Place : Mumbai
Date : May 24, 2019

For and on Behalf of the Board

Anil Kalya }
DIN: 06460981 }
} **Directors**
Rakesh K Gupta }
DIN: 00130829 }

Mahendra & Co.
Chartered Accountants

102, Neelkamal, Plot No.109
Kamothe, Sector 22
Raigad, Maharashtra 410210

Independent Auditors' Report

To the Members of
Internet Exchangenext.com Limited

Report on the Audit of the Financial Statements

Opinion

1. We have audited the accompanying financial statements of **Internet Exchangenext.com Limited** ("the Company"), which comprise the Balance Sheet as at 31st March 2019, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flow for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred as "the financial statements").

2. 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 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 31st March, 2019, and its loss including other comprehensive income, the changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

3. We conducted our audit of the financial statements in accordance with the Standards on Auditing (SAs) as specified under section 143(10) of the Companies Act, 2013 ("the Act"). Our responsibilities under those Standards are further described in the *Auditor's Responsibilities 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 there under, 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 we have obtained is sufficient and appropriate to provide a basis for our opinion on the financial statements.

Management's Responsibility for the Financial Statements

4. 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 financial position, financial performance, changes in equity and cash flows of the Company in accordance with 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 of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and 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.
The Board of Directors is also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

Other Information

6. The Company's Board of Directors is responsible for the other information. The other information comprises the information included in Director's report and shareholders information included in the annual 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 material misstatement therein; we are required to report that fact. We have nothing to report in this regard.

Report on Other Legal and Regulatory Requirements

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

8. As required by Section 143 (3) of the Act, we report that:
   a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the 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, the Statement of Change in Equity and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;

d) In our opinion, the aforesaid financial statements comply with the Indian Accounting Standards prescribed under section 133 of the Act;

e) On the basis of the written representations received from the directors as on 31st March, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2019 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 B**";

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 company has not paid any managerial remuneration to directors during the year.

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, in our opinion and to the best of our information and according to the explanations given to us:
   (i) There were no pending litigations which would impact financial position of the Company.
   (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 during the year ended March 31, 2019.

For **Mahendra & Co.**
Chartered Accountants
Regn.No.509293C

Swati Garg
Partner
Membership No.424192

Place: Mumbai
Date: May 24, 2019

ANNEXURE A TO THE AUDITORS' REPORT

Referred to in our Report of even date on the Accounts of **Internet Exchangenext.com Limited** for the year ended March 31, 2019

i) According to the information and explanations given to us, the Company has no fixed assets hence clause 3(i) of the Order is not applicable.

ii) As explained to us, there is no inventory during the year hence clause 3(ii) of the Order is not applicable.

iii) According to the information and explanations given, the Company has not granted any loan to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained pursuant to section 189 of the Act. Hence clause 3(iii) of the Order is not applicable.

iv) According to the information and explanations given to us, the Company has no loans and investments made hence clause 3(iv) of the Order is not applicable.

v) According to the information and explanations given to us, the Company has not accepted any deposits from the public.

vi) According to the information and explanations given to us, no cost records have been prescribed by the Central Government of India under section 148(1) of the Act.

vii) (a) Based on our examination of the books and records, the Company has generally been regular in depositing with appropriate authority undisputed statutory dues including provident fund, income-tax, duty of customs, cess and other statutory dues, wherever applicable, during the year. Further no undisputed amounts payable in respect of provident fund, income tax, duty of customs, service tax, cess and other statutory dues were in arrears as at March 31, 2019 for a period of more than six months from the date they became payable.

(b) As per the information and explanations given to us, there are no disputed statutory dues pending to be deposited with the respective authorities by the Company.

viii) The Company has not raised any funds from financial institutions or banks or by issue of debentures during the year, hence, question of repayment of dues to them does not arise.

ix) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, paragraph 3 (ix) of the Order is not applicable.

x) According to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.

xi) The Company has not paid any managerial remuneration. Hence paragraph 3(xi) of the Order is not applicable.

xii) In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.

xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable Indian Accounting Standards.

xiv) According to the information and explanations give to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.

xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.

xvi) According to the information and explanations given to us, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For **Mahendra & Co.**
Chartered Accountants
Regn.No.509293C

Swati Garg
Partner
Membership No.424192

Place: Mumbai
Date: May 24, 2019

ANNEXURE B TO THE AUDITORS' REPORT

(Referred to in paragraph 2(f) under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of **Internet Exchangenext.com Limited** ("the Company") 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 **Internet Exchangenext.com Limited** as of 31st March, 2019 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note 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 design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, 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 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, 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, 2019, 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 issued by ICAI.

For **Mahendra & Co.**
Chartered Accountants
Regn.No.509293C

Swati Garg
Partner
Membership No.424192

Place: Mumbai
Date: May 24, 2019

Internet Exchangenext.com Limited

Balance Sheet as at March 31, 2019 Amount (₹)

	Notes		As at March 31, 2019		As at March 31, 2018
ASSETS					
Non Current Assets					
Property, Plant and Equipment	**2.01**		-		-
Current Assets					
Financial Assets					
(i) Cash and Cash Equivalents	**2.02**	2 76 232		2 76 232	
(ii) Other Financial Assets	**2.03**	62 33 308	**65 09 540**	62 33 308	65 09 540
Total Assets			**65 09 540**		65 09 540
EQUITY AND LIABILITIES					
Equity					
(a) Equity Share Capital	**2.04**	15 07 000		15 07 000	
(b) Other Equity	**2.05**	(9 36 190)	**5 70 810**	(9 07 730)	5 99 270
LIABILITIES					
Current Liabilities					
Other Current Liabilities	**2.06**		**59 38 730**		59 10 270
Total Equity and Liabilities			**65 09 540**		65 09 540

Significant Accounting Policies **1**
Notes on Accounts **2**

As per our Report of even date
For Mahendra & Co
Chartered Accountants
Firm Regn. No. 509293C

Swati Garg
Partner
Membership No. 424192

Place: Mumbai
Dated: May 24, 2019

For and on behalf of the Board

Jaywant Prabhu
DIN 06749785

Suchitra Maharana
DIN:08106235

} Directors

Internet Exchangenext.com Limited

Statement of Profit and Loss for the year ended March 31, 2019

Amount (₹)

		Notes	For the year ended March 31, 2019	For the year ended March 31, 2018
	INCOME			
I	Other Income		-	6 325
	Total Income		-	6 325
II	**EXPENSES**			
	Sales and General Administration Expenses	2.07	28 460	14 860
	Total Expenses		**28 460**	14 860
III	**Profit/ (Loss) before Tax (I-II)**		**(28 460)**	(8 535)
IV	Tax expense:			
	- Current Tax		-	-
V	**Profit/ (Loss) After Tax (III-IV)**		**(28 460)**	(8 535)
	Earnings per Share of ₹ 10 each fully paid up	2.10		
	Basic and Diluted (₹)		**(0.19)**	(0.06)
	Significant Accounting Policies	1		
	Notes on Accounts	2		

The Notes referred to above form an integral part of the Financial Statements.

As per our Report of even date
For Mahendra & Co
Chartered Accountants
Firm Regn. No. 509293C

Swati Garg
Partner
Membership No. 424192

Place: Mumbai
Dated: May 24, 2019

For and on behalf of the Board

Jaywant Prabhu }
DIN 06749785 }
} **Directors**
Suchitra Maharana }
DIN:08106235 }

Internet Exchangenext.com Limited

Statement of Change in Equity for the year ended March 31, 2019

	Amount (₹)
(A) Equity (Refer Note - 2.04)	
Balance at April 1, 2017	15 07 000
Change in equity share capital during the year	-
Balance at March 31, 2018	15 07 000
Change in equity share capital during the year	-
Balance at March 31, 2019	**15 07 000**

(B) Other Equity (Refer Note - 2.05)

Attributable to Equity holder

Particular	**Retained Earnings**
Balance at April 1, 2017	(8 99 195)
Add : Profit / (Loss) for the year	(8 535)
Balance as at March 31, 2018	(9 07 730)
Add : Profit / (Loss) for the year	(28 460)
Balance at March 31, 2019	**(9 36 190)**

As per our Report of even date
For Mahendra & Co
Chartered Accountants
Firm Regn. No. 509293C

For and on behalf of the Board

Jaywant Prabhu }
DIN 06749785 }

Swati Garg
Partner
Membership No. 424192

} **Directors**

Place: Mumbai
Dated: May 24, 2019

Suchitra Maharana }
DIN:08106235 }

Internet Exchangenext.com Limited

Statement of Cash Flow for the year ended March 31, 2019

Amount (₹)

			For the year ended March 31, 2019		For the year ended March 31, 2018
A	**CASH FLOW FROM OPERATING ACTIVITIES**				
	Net Profit/(Loss) before tax as per Statement of Profit and Loss		**(28 460)**		(8 535)
	Adjusted for:				
	Write back of Provision for Liabilities no longer required		**-**		(6 325)
			(28 460)		(14 860)
	Operating Profit/(Loss) before Working Capital Changes		**(28 460)**		(14 860)
	Working Capital Changes:				
	Current Assets	-		-	
	Current Liabilities	28 460		42 340	
			28 460		42 340
	Cash Generated from Operations				27 480
	Tax paid		**-**		-
	Net Cash from/(Used In) Operating Activities		**-**		27 480
B	**CASH FLOW FROM INVESTING ACTIVITIES**				
	Net Cash from/(Used in) Investing Activities		**-**		**-**
C	**CASH FLOW FROM FINANCING ACTIVITIES**				
	Net Cash from/(Used in) Financing Activities		**-**		**-**
	Net Increase/ (Decrease) in Cash and Cash Equivalents (A+B+C)		**-**		27 480
	Opening Balance of Cash and Cash Equivalents		**2 76 232**		2 48 752
	Closing Balance of Cash and Cash Equivalents		**2 76 232**		2 76 232

Note:

(1) Figures in brackets indicate cash outgo.

(2) Cash and cash equivalents includes cash on hand and bank balances including Fixed Deposits.

(3) Cash Flow Statement has been prepared under the Indirect Method set out in Indian Accounting Standards (Ind AS) 7 "Statement of Cash flow".

As per our Report of even date

For Mahendra & Co

Chartered Accountants

Firm Regn. No. 509293C

For and on behalf of the Board

Jaywant Prabhu }
DIN 06749785 }
} **Directors**
Suchitra Maharana }
DIN:08106235 }

Swati Garg

Partner

Membership No. 424192

Place: Mumbai

Dated: May 24, 2019

Internet Exchangenext.com Limited

Notes on Accounts to Financial Statements

Note: 1

General Information and Significant Accounting Policies

1.01 General Information

Internet Exchangenext.com Limited (“the Company”), is registered under Companies Act 1956 and having Registered Office at H Block, 1st Floor, Dhirubhai Ambani Knowledge City, Navi Mumbai 400710. The Company is wholly owned subsidiary of Reliance Communications Infrastructure Limited ("RCIL" or " the Holding Company").

1.02 Basis of Preparation of Financial Statements

The Financial Statements are prepared under historical cost convention except for certain financial instruments measured at fair value, in accordance with the generally accepted accounting principles (GAAP) in India and in compliance with the Indian Accounting Standards (Ind AS) specified under Section 133 of the Companies Act, 2013 ("the Act") read with Rule 3 of the Companies (Indian Accounting Standards) Rules 2015, the Companies (Indian Accounting Standards) Amendment Rules 2016 and other provisions of the Act to the extent notified and applicable, as well as applicable guidance note and pronouncements of the Institute of Chartered Accountants of India (ICAI).

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in Schedule III to the Act. Based on the nature of the services and their realisation in cash & cash equivalents, the Company has ascertained its operating cycle as twelve months for the purpose of current or non-current classification of assets and liabilities.

1.03 Recent Accounting Developments

Standards issued but not yet effective:

Recent pronouncements relating to Ind AS 116 "Leases", Ind AS 12 " Income Tax"and Ind AS 19 "Employee Benefits" issued by the Ministry of Corporate Affairs (the MCA), Government of India (GoI), applicable with effect from April 1, 2019, does not have any impact on Financial Statements of the Company.

1.04 Use of Estimates

The preparation and presentation of Financial Statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities and disclosure of contingent liabilities on the date of the Financial Statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates is recognised in the period in which the results are known / materialised. Estimates and underlying assets are reviewed on periodical basis. Revisions to accounting estimates are recognised prospectively.

The preparation of financial statements require the use of accounting estimates which, by definition, will seldom equal the actual results. The management also needs to exercise judgement in applying the accounting policies.

This provides an overview of the areas that involved a higher degree of judgement or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be different than those originally assessed. Detailed information about each of these estimates and judgements is included in relevant notes together with information about the basis of calculation for each affected line item in the financial statements.

Notes on Accounts to Financial Statements

Critical estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures including the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require an adjustment to the carrying amount of assets or liabilities in future periods. Difference between actual results and estimates are recognised in the periods in which the results are known / materialise.

The Company has based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

Management periodically evaluates positions taken in the tax returns giving due considerations to tax laws and establishes provisions in the event if required as a result of differing interpretation or due to retrospective amendments, if any.

Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Company and that are believed to be reasonable under the circumstances.

1.05 Functional Currency and Presentation Currency

These financials statements are presented in Indian Rupees ("Rupees" or "₹") which is funcitional currency of the Company.

1.06 Borrowing Costs

Borrowing costs that are attributable to the acquisition, construction or production of qualifying assets are capitalised as part of the cost of such assets upto the commencement of commercial operations. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use. Other borrowing costs are recognised as expense in the year in which they are incurred.

1.07 Revenue Recognition and Receivables

i) Revenue is recognised when control over goods or services is transferred to a customer. A customer obtains control when he has the ability to direct the use of and obtain the benefits from the good or service, there is transfer of title, supplier has right to payment etc. – with the transfer of risk and rewards now being one of the many factors to be considered within the overall concept of control.

ii) The Company determines whether revenue should be recognised ‘over time’ or ‘at a point in time’.

iii) Interest income on investment is recognised on time proportion basis. Interest income is accounted using the applicable Effective Interest Rate (EIR), which is the rate that exactly discounts estimated future cash receipts over the expected life of the financial assets to that asset’s net carrying amount on initial recognition.

Notes on Accounts to Financial Statements

1.08 Taxation

Provision for income tax is made on the basis of taxable income for the year at current rates. Tax expense comprises of Current Tax and Deferred Tax at the applicable enacted or substantively enacted rates. Current tax represents the amount of Income Tax payable / recoverable in respect of the taxable income/loss for the reporting period. Deferred tax represents the effect of temporary difference between the carrying amount of assets and liabilities in the financial statement and the corresponding tax base used in computation of taxable income. Deferred Tax Liabilities are generally accounted for all taxable temporary differences. The deferred tax asset is recognised for all deductible temporary differences, carried forward of unused tax credits and unused tax losses, to the extent it is probable that taxable profit will be available against which those deductible temporary differences can be utilised. MAT credit is recognised as an asset only if it is probable that the Company will pay normal income tax during the specified period.

1.09 Provisions, Contingent Liabilities and Contingent Assets

Provisions involving substantial degree of estimation in measurement are recognised when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. 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 but disclosed in the financial statements, when economic inflow is probable.

1.10 Earning per Share

In determining Earning per Share, the Company considers the net profit or loss after tax and includes the post tax effect of any extraordinary/ exceptional item. Number of shares used in computing Basic Earning per Share is the weighted average number of shares outstanding during the period. Dilutive earning per share is computed and disclosed after adjusting effect of all dilutive potential equity shares, if any except when results will be anti dilutive. Dilutive potential Equity Shares are deemed converted as of the beginning of the period, unless issued at a later date.

1.11 Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial Assets

Classification

(i) The Company classifies financial assets as subsequently measured at amortised cost, fair value through other comprehensive income or fair value through profit or loss on the basis of its business model for managing the financial assets and the contractual cash flows characteristics of the financial asset.

(ii) In determining the fair value of its financial instruments, the Company uses a variety of methods and assumptions that are based on market conditions and risk existing at each reporting date. The method used to determine fair value include discounted cash flow analysis, available quoted market price. All method of assessing fair value result in general approximation of value, and such value may never actually be realized. For all other financial instruments the carrying amounts approximate fair value due to the short maturity of those instruments.

(iii) **Initial recognition and measurement**

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

(iv) **Financial Assets measured at amortised cost:**

Financial assets are measured at amortised cost when asset is held within a business model, whose objective is to hold assets for collecting contractual cash flows and contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest.Such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. The losses arising from impairment are recognised in the profit or loss.

(v) **Financial Assets measured at fair value through profit or loss (FVTPL):**

Financial assets under this category are measured initially as well as at each reporting date at fair value with all changes recognised in the Statement of Profit and Loss.

(vi) **Investment in Mutual Funds:**

A Mutual fund is measured at amortised cost or at FVTPL with all changes recognised in the Statement of Profit and Loss.

(vii) **Derecognition of Financial Assets**

A financial asset is primarily derecognised when the rights to receive cash flows from the asset have expired or the Company has transferred its rights to receive cash flows from the asset.

(viii) **Impairment of Financial Assets**

In accordance with Ind - AS 109, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the financial assets that are Investment in Mutual fund.

Financial Liabilities

(i) **Classification**

The Company classifies all financial liabilities as subsequently measured at amortised cost, except for financial liabilities at fair value through profit or loss. Such liabilities, including derivatives that are liabilities, shall be subsequently measured at fair value.

(ii) **Initial recognition and measurement**

All financial liabilities are recognised initially at fair value, in the case of payables, net of directly attributable transaction costs. Financial liabilities include trade and other payables.

(iii) **Subsequent measurement**

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading, if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments that are not designated as hedging instruments in hedge relationships as defined by Ind - AS 109. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

(iv) **Loans and Borrowings**

Interest-bearing loans and borrowings are subsequently measured at amortised cost using the Effective Interest Rate (EIR) method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the Statement of Profit and Loss.

Notes on Accounts to Financial Statements

(v) **Derecognition of Financial Liabilities**

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the Statement of Profit and Loss.

(vi) **Derivative Financial Instrument and Hedge Accounting**

The Company uses derivative financial instruments, such as forward currency contracts and interest rate swaps, to hedge its foreign currency risks and interest rate risks respectively. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Internet Exchangenext.com Limited

Notes on Accounts to the Financial Statements

2.01. Property, Plant and Equipment

Amount (₹)

Particulars	Computer	Office Equipment	Total
Gross carrying value			
As at April 01, 2017	1 94 00 751	3 04 757	1 97 05 508
Additions	-	-	-
Disposals	-	-	-
As at March 31, 2018	1 94 00 751	3 04 757	1 97 05 508
Additions	-	-	-
Disposals	-	-	-
As at March 31, 2019	**1 94 00 751**	**3 04 757**	**1 97 05 508**
Accumulated Depreciation			
As at April 01, 2017	1 94 00 751	3 04 757	1 97 05 508
Depreciation for the year	-	-	-
Disposals	-	-	-
As at March 31, 2018	1 94 00 751	3 04 757	1 97 05 508
Depreciation for the year	-	-	-
Disposals	-	-	-
As at March 31, 2019	**1 94 00 751**	**3 04 757**	**1 97 05 508**
Closing net carrying value as at March 31, 2019	-	-	-
Closing net carrying value as at March 31, 2018	-	-	-

2.02 Cash and Cash Equivalents

Amount (₹)

Particulars	As at March 31, 2019	As at March 31, 2018
Balance with Banks in Current Account	2 76 232	2 76 232
	2 76 232	2 76 232

2.03 Other Financial Assets

Amount (₹)

Particulars	As at March 31, 2019	As at March 31, 2018
Loans and Advances to body corporate	62 33 308	62 33 308
	62 33 308	62 33 308

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Notes on Accounts to the Financial Statements

Amount (₹)

Particulars	As at March 31, 2019	As at March 31, 2018
2.04 Equity Share Capital		
Authorised		
10 00 000 Equity Shares of ₹ 10 each (10 00 000)	1 00 00 000	1 00 00 000
	1 00 00 000	1 00 00 000
Issued, Subscribed and Paid up		
1 50 700 Equity Shares of ₹10 each fully paid up (1 50 700)	15 07 000	15 07 000
	15 07 000	15 07 000

2.04.1 Equity Share held by Holding Company	No. of shares	No. of shares
Reliance Communication Infrastructure Limited the Holding Company and its nominees	**1 50 700**	1 50 700

2.04.2 Details of Shareholders Holding more than 5% shares in the Company

Particulars	As at March 31, 2019		As at March 31, 2018	
	No of Shares	**%**	No of Shares	%
Reliance Communications Infrastructure Limited	**1 50 700**	**100%**	1 50 700	100%
	1 50 700	**100%**	1 50 700	100%

2.04.3 Reconciliation of shares outstanding at the beginning and at the end of the year

Particulars	As at March 31, 2019	As at March 31, 2018
Equity Shares		
At the beginning of the year	1 50 700	1 50 700
Add / (Less) : Changes during the year	**-**	-
At the end of the year	**1 50 700**	1 50 700

2.04.4 Terms/rights attached to equity shares

The Company has only one class of equity shares having a par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share. In the event of liquidation of the Company, the holder of equity share will be entitled to receive remaining assets of the Company. The distribution will be in proportion to the numbers of equity shares held by the shareholder.

2.05 Other Equity

Amount (₹)

Particulars		As at March 31, 2019		As at March 31, 2018
Surplus/(Deficit) in the Statement of Profit and Loss				
As per last Balance Sheet	(9 07 730)		(8 99 195)	
Add:Profit/ (Loss) for the year	(28 460)	**(9 36 190)**	(8 535)	(9 07 730)
		(9 36 190)		(9 07 730)

2.06 Other Current Liabilities

Amount (₹)

Particulars	As at March 31, 2019	As at March 31, 2018
Provision for Expenses	84 799	56 339
Other Payables to Related Party (Refer Note 2.15)	58 53 931	58 53 931
	59 38 730	59 10 270

Internet Exchangenext.com Limited

Notes on Accounts to the Financial Statements

2.07 General Administration Expenses

Amount (₹)

Particulars	**For the year ended March 31, 2019**	For the year ended March 31, 2018
Professional Fees	14 750	-
Payment to Auditors	13 710	14 860
	28 460	14 860

2.08 Previous Year

The figures for the previous year have been regrouped and reclssified, wherever required. Amount in financial statements are presented in Rupees, except as otherwise stated.

2.09.01 Financial Instruments

The fair value of financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between the willing parties, other than in a forced or liquidation sale.

The following methods and assumptions have been used to estimate the fair values:

Fair value of cash and short-term deposits, trade and other short term receivables, trade payables, other current liabilities, short term loans approximate their carrying amounts largely due to the short term maturities of these instruments.

Fair value hierarchy

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

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 - Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

The carrying value and fair value of the financial instruments by categories were as follows:

Particulars	**As at March 31, 2019**	As at March 31, 2018
Financial assets at amortised cost:		
Cash and cash equivalents (Refer Note 2.02)	**2 76 232**	2 76 232
Financial assets at fair value through Profit and Loss/ other Comprehensive Income:	**Nil**	Nil
Financial liabilities at amortised cost:	**Nil**	Nil
Financial liabilities at fair value through Statement of Profit and Loss/ other Comprehensive Income:	**Nil**	Nil

2.09.02 Financial Risk Management Objectives and Policies

Activities of the Company expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The Company's primary focus is to foresee the unpredictability of financial markets and seek to minimize potential adverse effects on its financial performance.

The Company's financial liabilities comprise of borrowings to manage its operation and the financial assets include cash and bank balances, other receivables etc. arising from its operation.

Notes on Accounts to the Financial Statements

Financial risk management

Market risk

The Company operates in India only. Market Risk is the risk that changes in market prices such as interest rates will affect income or value of its holding financial assets/ instruments.

Interest Rate Risk

Interest rate risk can be either fair value interest rate risk or cash flow interest rate risk. Fair value interest rate risk is the risk of changes in fair values of fixed interest bearing investments because of fluctuations in the interest rates. Cash flow interest rate risk is the risk that the future cash flows of floating interest bearing investments will fluctuate because of fluctuations in the interest rates.

Exposure to interest rate risk

The Company does not have Interest rate risk as there is no interest bearing liability.
The Company does not have interest bearing financial instruments.

Fair value sensitivity analysis for fixed-rate instruments

The Company does not account for any fixed rate financial assets or financial liabilities at fair value through profit or loss. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

Cash flow sensitivity analysis for variable rate instruments

A reasonably possible change of 100 basis points in interest rates at the reporting date would have increased /(decreased) equity and profit or loss. However, as there is no financial instruments outstanding, hence sensitivity analysis not computed.

Derivative financial instruments

The Company does not hold derivative financial instruments

Credit risk

Credit risk refers to the risk of default on its obligation by the customer/ counter party resulting in a financial loss. The Company does not have exposure to the credit risk at the reporting date.

Liquidity risk

The Company's principal sources of liquidity are cash and cash equivalents and the cash flow that is generated from operations. The Company doesnot have any contractual maturities of financial liabilities.

2.10 Earnings per Share (EPS)	**As at March 31, 2019**	As at March 31, 2018
Numerator - Profit /(Loss) after tax (₹)	**(28 460)**	(8 535)
Denominator - Weighted number of equity shares	**1 50 700**	1 50 700
Basic and Diluted, earning per equity share (₹)	**(0.19)**	(0.06)

2.11 Segment Reporting

The Company is not having any reportable segment as per Indian Accounting Standard ("Ind AS")108 - 'Operating Segment' .

2.12 Deferred Tax

The Company does not have any items on which deferred tax should be recognised.

2.13 Capital Management

Capital of the Company, for the purpose of capital management, include issued equity capital and all other equity reserves attributable to the equity holders of the Company. The primary objective of the Company's capital management is to maximise shareholers value. The funding requirement is met through a mixture of equity, internal accruals and borrowings which the Compant monitors on regular basis.

2.14 Post Reporting Events

No adjusting or significant non-adjusting events have occurred between the reporting date and the date of authorisation.

2.15 Related Parties

As per Indian Accounting Standard ("Ind AS")-24 of "Related Party Disclosures", the disclosures", the disclosure of transactions with the related parties as defined therein are given below:

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Notes on Accounts to the Financial Statements

A. List of related parties and relationships :

a) Ultimate Holding Company

1. Reliance Communications Limited

b) Holding Company

1. Reliance Communications Infrastructure Limited

B. Transactions during the year with Related Parties and closing balances.

(Figures relating to current year are reflected in Bold, relating to previous year are reflected in brackets)

Amount (₹)

Nature of Transaction	Holding Company
a) Equity Shares	
Balance as at April 1, 2018	**15 07 000**
	(15 07 000)
Taken during the year	**-**
	(-)
Repayment/Adjustment during the year	**-**
	(-)
Balance as at March 31, 2019	**15 07 000**
	(15 07 000)
b) Other Payables	
Balance as at April 1, 2018	**58 53 931**
	(58 53 931)
Taken during the year	**-**
	(-)
Repayment/Adjustment	**-**
	(-)
Balance as at March 31, 2019	**58 53 931**
	(58 53 931)

2.16 Authorisation of Financial Statements

The financial statements for the year ended March 31, 2019 were approved by the Board of Directors on May 24, 2019.

As per our Report of even date

For Mahendra & Co
Chartered Accountants
Firm Regn. No. 509293C

Swati Garg
Partner
Membership No. 424192

Place: Mumbai
Dated: May 24, 2019

For and on behalf of the Board

Jaywant Prabhu }
DIN 06749785 }
} **Directors**
Suchitra Maharana }
DIN:08106235 }

Independent Auditor's Report

To the Members of Worldtel Tamilnadu Private Limited

Report on the Standalone Financial Statements

Opinion

We have audited the accompanying Standalone financial statements of Worldtel Tamilnadu Private Limited ("*the Company*") which comprises the Balance Sheet as at March 31, 2019, the Statement of Profit and Loss, (statement of changes in equity) and statement of cash flows for the year then ended, and notes to the financial statements, including 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 standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, and profit/loss, (changes in equity) and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities 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 together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibility of Management for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance, (changes in equity)[i] and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the accounting Standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate implementation and maintenance of 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.

Report on Other Legal and Regulatory Requirements

As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the 'Annexure A' a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

As required by Section 143(3) of the Act, we report that:

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.

a. 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 [and proper returns adequate for the purposes of our audit have been received from the branches not visited by us.

b. The reports on the accounts of the branch offices of the Company audited under Section 143(8) of the Act by branch auditors have been sent to us and have been properly dealt with by us in preparing this report.

c. The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.

d. In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

e. On the basis of the written representations received from the directors as on 31st March, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2019 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 B'.

g. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, 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 as at March 31, 2019

    ii. The Company did not have any long-term contracts including derivative contracts as at 31st March, 2019 for which there were any material foreseeable losses; and

    iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the year ended March 31, 2019.

For Priti V Mehta & Co
Chartered Accountants
Firm Regn.No. 129568W

Priti V.Mehta
(Proprietor)
M. No. 130514

Place: Mumbai
Date: May 24, 2019

Worldtel Tamilnadu Private Limited

Annexure A to Independent Auditor's Report – 31st March 2019

With reference to the 'Annexure A' referred to in the Independent Auditors' Report to the Members of Worldtel Tamilnadu Private Limited ('the Company') on the financial statements for the year ended March 31, 2019, we report the following:

1. The company does not have fixed assets as on 31st March 2019. Accordingly paragraphs 1(a), (b) and (c) of the orders are not applicable to the company.

2. The Company does not have inventories at the end of financial year. Accordingly paragraphs 2 of the orders are not applicable to the company.

3. The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other covered in the register maintained under section 189 of the Act. Accordingly paragraphs 3(iii) (a), (b) and (c) of the Order are not applicable to the Company.

4. In our opinion and according to the information and explanations given to us, the company has not given loans, investments, guarantees, and any security under provisions of section 185 and 186 of the Companies Act, 2013. Accordingly, Paragraph 3(iv) of the Order is not applicable to the Company.

5. In our opinion, and information and explanations given to us, the Company has not accepted deposits as per directives issued by the Reserve Bank of India under the provisions of Section 73 to 76 or any other relevant provisions of the Act and the rules framed there under. Accordingly, Paragraph 3(v) of the Order is not applicable to the Company.

6. The Central Government has not prescribed maintenance of cost records under Sub-Section (1) of section 148 of the Companies Act, 2013. Accordingly the clause 3(vi) is not applicable.

7. According to the information and explanation given to us and on the basis of our examination of the records of the company, the Company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, goods and services tax, income tax, cess, and other material statutory dues applicable to the Company. According to the information and explanations given to us, no undisputed amounts payable in respect of goods and services tax, income tax, and cess were in arrears as at March 31, 2019for a period of more than six months from the date they became payable.

8. The company has not raised loans from Financial Institutions or Banks or Government or debenture holders. Hence clause 3(viii) of the order requiring comment on repayment of the dues to them is not applicable.

9. In our opinion and according to the information and explanations given to us, the company has not raised money by way of Initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, the provision of Clause 3(ix) of the order is not applicable to the company.

10. According to the information and explanations given to us, no significant fraud on or by the company by its officers or employees, that causes a material misstatement to the financial statements, has been noticed or reported during the year.

11. According to the information and explanations given to us, the company has not paid or provided managerial remuneration during the year. Accordingly, the provision of Clause 3(xi) of the order is not applicable to the company.

12. As the company is not the Nidhi company, the provision of Clause 3(xii) of the order is not applicable to the company.

13. According to the information and explanations given to us, the company has made all the transactions with the related parties in compliance with sections 177 & 188 of Companies Act and the details have been disclosed in the Financial Statements as required by the applicable Accounting Standards.

14. According to the information and explanations given to us, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year as per section 42 of the Companies Act.2013. Accordingly, the provision of Clause 3(xiv) of the order is not applicable to the company.

15. According to the information and explanations given to us, the company has not entered into any non cash transactions with the directors or persons connected with them as per section 192 of Companies Act, 2013.

16. The company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the clause 3(xvi) is not applicable.

For Priti V Mehta & Co
Chartered Accountants
Firm Regn.No. 129568W

Priti V.Mehta
(Proprietor)
M. No. 130514

Place: Mumbai
Date: May 24, 2019

Annexure B to Independent Auditor's Report – 31st March 2019 on the Financial Statements of Worldtel Tamilnadu Private Limited

Report on the Internal Financial Controls 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 Worldtel Tamilnadu Private Limited ('the Company') as of March 31, 2019 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

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

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

Annexure B to Independent Auditor's Report – 31st March 2019 on the Financial Statements of Worldtel Tamilnadu Private Limited

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles.

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2019, based on "the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India".

For Priti V Mehta & Co
Chartered Accountants
Firm Regn.No. 129568W

Priti V.Mehta
(Proprietor)
M. No. 130514

Place: Mumbai
Date: May 24, 2019

Worldtel Tamilnadu Private Limited

Balance Sheet as at March 31, 2019

(Amount in ₹)

	Notes		As at March 31, 2019		As at March 31, 2018
ASSETS					
Non Current Assets					
(a) Property, Plant and Equipment	**2.01**		**82 685**		**82 685**
Current Assets					
(a) Financial Assets					
(i) Cash and Cash Equivalents	**2.02**	4 87 668		4 87 668	
(b) Other Current Assets	**2.03**	-	**4 87 668**	-	4 87 668
Total Assets			**5 70 353**		5 70 353
EQUITY AND LIABILITIES					
Equity					
(a) Equity Share Capital	**2.04**	1 00 000		1 00 000	
(b) Other Equity	**2.05**	(101 28 09 130)	**(101 27 09 130)**	(101 27 74 320)	(101 26 74 320)
LIABILITIES					
Non-Current Liabilities			-		-
Current Liabilities					
Financial Liabilities					
Other Current Liabilities	**2.06**		**101 32 79 483**		101 32 44 673
Total Equity and Liabilities			**5 70 353**		5 70 353
Significant Accounting Policies	**1**				
Notes on Accounts	**2**				

Notes referred to above form an integral part of the Financial Statements.

As per our Report of even date

For Priti V Mehta & Co
Chartered Accountants
Firm Registration No 129568W

Priti V Mehta
Proprietor
Membership No. 130514

Place : Mumbai
Dated : May 24, 2019

For and on behalf of the Board

Jaywant Prabhu }
DIN: 06749785 }
} **Directors**
Suchitra Maharana }
DIN: 08106235 }

Worldtel Tamilnadu Private Limited

Statement of Profit and Loss for the year ended March 31, 2019

(Amount in ₹)

		Notes	For the year ended March 31, 2019	For the year ended March 31,2018
	INCOME			
I	Other Income	2.07	-	2 400
	Total Income		-	2,400.00
II	**EXPENDITURE**			
	General Administration Expenses	2.08	34 810	99 29 27 381
	Total Expenses		34 810	99 29 27 381
III	**Profit (Loss) before Tax (I - II)**		(34 810)	(99 29 24 981)
IV	Tax Expense:			
	- Current Tax		-	-
	- Short provision of earlier years			6 06 910
V	**Profit (Loss) After Tax (III - IV)**		(34 810)	(99 35 31 891)
VI	**Other Comprehensive Income**		-	-
VII	**Total Comprehensive Income**		(34 810)	(99 35 31 891)
VIII	**Earnings per Share of ₹ 10 each fully paid up**	2.13		
	- Basic (₹)		(3)	(99,353)
	- Diluted (₹)		(3)	(99,353)
	Earning per Share			
	Significant Accounting Policies	1		
	Notes on Accounts	2		

The Notes referred to above form an integral part of the Financial Statements.

As per our Report of even date

For Priti V Mehta & Co
Chartered Accountants
Firm Registration No 129568W

Priti V Mehta
Proprietor
Membership No. 130514

Place : Mumbai
Dated : May 24, 2019

For and on behalf of the Board

Jaywant Prabhu
DIN: 06749785

Suchitra Maharana
DIN: 08106235

} **Directors**

Worldtel Tamilnadu Private Limited

Statement of Change in Equity for the year ended March 31, 2019

(Amount in ₹)

A Equity Share Capital	**For the year ended March 31, 2019**	For the year ended March 31, 2018
Balance at the beginning of the year	**1 00 000**	1 00 000
Change during the year	**-**	-
Balance at the end of the year	**1 00 000**	1 00 000

B Other Equity

Surplus/ (Deficit) in statement of Profit and Loss

Particular	**Retained Earnings**
Balance of Profit/ (Loss) as at April 1,2017	(1 92 42 429)
Add : Profit \ (Loss) for the year	(99 35 31 891)
Balance Profit/ (Loss) as at March 31, 2018	(101 27 74 320)
Add : Profit \ (Loss) for the year	(34 810)
Balance Profit/ (Loss) as at March 31, 2019	(101 28 09 130)

As per our Report of even date

For Priti V Mehta & Co	**For and on behalf of the Board**	
Chartered Accountants		
Firm Registration No 129568W		
	Jaywant Prabhu	**}**
	DIN: 06749785	**}**
Priti V Mehta		**}**
Proprietor		**} Directors**
Membership No. 130514		**}**
		}
Place : Mumbai	**Suchitra Maharana**	**}**
Dated : May 24, 2019	DIN: 08106235	**}**

Worldtel Tamilnadu Private Limited
Statement of Cash Flow for the year ended March 31, 2019

				(Amount in ₹)
		For the year ended March 31, 2019		For the year ended March 31, 2018
A CASH FLOW FROM OPERATING ACTIVITIES				
Net Profit/(Loss) before tax as per Statement of Profit and Loss		**(34 810)**		(99 29 24 981)
Adjusted for :				
Provision for Doubtful Receivables		**-**		99 15 09 675
Operating Profit/(Loss) before Working Capital Changes		**(34 810)**		(14 15 306)
Adjusted for :				
Receivables and other Advances	-		14 24 703	
Other Liabilities	34 810	**34 810**	12 34 913	26 59 616
Cash generated from Operations				12 44 310
Tax Refund	-		12 000	
Tax Paid	-	-	(12 41 910)	(12 29 910)
Net Cash Used in Operating Activities				14 400
Net Increase/ (Decrease) in Cash and Cash Equivalents		-		14 400
Opening Balance of Cash and Cash Equivalents		**4 87 668**		4 73 268
Closing Balance of Cash and Cash Equivalents		**4 87 668**		4 87 668

Note:

i Figures in brackets indicate cash outgo.
ii Cash and Cash Equivalent includes cash on hand, cheques on hand, bank balance including Fixed Deposits with
iii Cash Flow Statement has been prepared under the Indirect Method set out in Indian Accounting Standard 7 "Statement of Cash Flow".

As per our Report of even date

For Priti V Mehta & Co
Chartered Accountants
Firm Registration No 129568W

Priti V Mehta
Proprietor
Membership No. 130514

Place : Mumbai
Dated : May 24, 2019

For and on behalf of the Board

Jaywant Prabhu
DIN: 06749785

Suchitra Maharana
DIN: 08106235

} **Directors**

Worldtel Tamilnadu Private Limited

Notes on accounts to Financial Statements as at March 31, 2019

1. General Information and Significant Accounting Policies

1.01 General Information

Worldtel Tamilnadu Private Limited ("the Company"), is registered under Companies Act 1956 and having Registered Office at H Block, 1st Floor, Dhirubhai Ambani Knowledge City, Navi Mumbai 400710. The Company is wholly owned subsidiary of Reliance Communications Infrastructure Limited.

1.02 Basis of Preparation of Financial Statements

The Financial Statements are prepared under historical cost convention except for certain financial instruments measured at fair value, in accordance with the generally accepted accounting principles (GAAP) in India and in compliance with the Indian Accounting Standards (Ind AS) specified under Section 133 of the Companies Act, 2013 ("the Act") read with Rule 3 of the Companies (Indian Accounting Standards) Rules 2015, the Companies (Indian Accounting Standards) Amendment Rules 2016 and other provisions of the Act to the extent notified and applicable, as well as applicable guidance note and pronouncements of the Institute of Chartered Accountants of India (ICAI).

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in Schedule III to the Act. Based on the nature of the services and their realisation in cash & cash equivalents, the Company has ascertained its operating cycle as twelve months for the purpose of current or non-current classification of assets and liabilities.

1.03 Recent Accounting Developments

Standards issued but not yet effective:

Recent pronouncements relating to Ind AS 116 "Leases", Ind AS 12 " Income Tax"and Ind AS 19 "Employee Benefits" issued by the Ministry of Corporate Affairs (the MCA), Government of India (GoI), applicable with effect from April 1, 2019, does not have any impact on Financial Statements of the Company.

1.04 Use of Estimates

The preparation and presentation of Financial Statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities and disclosure of contingent liabilities on the date of the Financial Statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates is recognised in the period in which the results are known / materialised. Estimates and underlying assets are reviewed on periodical basis. Revisions to accounting estimates are recognised prospectively.

The preparation of financial statements require the use of accounting estimates which, by definition, will seldom equal the actual results. The management also needs to exercise judgement in applying the accounting policies.

This provides an overview of the areas that involved a higher degree of judgement or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be different than those originally assessed. Detailed information about each of these estimates and judgements is included in relevant notes together with information about the basis of calculation for each affected line item in the financial statements.

Critical estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures including the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require an adjustment to the carrying amount of assets or liabilities in future periods. Difference between actual results and estimates are recognised in the periods in which the results are known / materialise.

The Company has based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

Management periodically evaluates positions taken in the tax returns giving due considerations to tax laws and establishes provisions in the event if required as a result of differing interpretation or due to retrospective amendments, if any.

Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Company and that are believed to be reasonable under the circumstances.

1.05 Functional Currency and Presentation Currency

These financials statements are presented in Indian Rupees ("Rupees" or "₹") which is functional currency of the Company.

1.06 Borrowing Costs

Borrowing costs that are attributable to the acquisition, construction or production of qualifying assets are capitalised as part of the cost of such assets up to the commencement of commercial operations. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use. Other borrowing costs are recognised as expense in the year in which they are incurred.

1.07 Revenue Recognition and Receivables

i) Revenue is recognised when control over goods or services is transferred to a customer. A customer obtains control when he has the ability to direct the use of and obtain the benefits from the good or service, there is transfer of title, supplier has right to payment etc. – with the transfer of risk and rewards now being one of the many factors to be considered within the overall concept of control.

ii) The Company determines whether revenue should be recognised ‘over time’ or ‘at a point in time’.

iii) Interest income on investment is recognised on time proportion basis. Interest income is accounted using the applicable Effective Interest Rate (EIR), which is the rate that exactly discounts estimated future cash receipts over the expected life of the financial assets to that asset’s net carrying amount on initial recognition.

1.08 Taxation

Provision for income tax is made on the basis of taxable income for the year at current rates. Tax expense comprises of Current Tax and Deferred Tax at the applicable enacted or substantively enacted rates. Current tax represents the amount of Income Tax payable / recoverable in respect of the taxable income/loss for the reporting period. Deferred tax represents the effect of temporary difference between the carrying amount of assets and liabilities in the financial statement and the corresponding tax base used in computation of taxable income. Deferred Tax Liabilities are generally accounted for all taxable temporary differences. The deferred tax asset is recognised for all deductible temporary differences, carried forward of unused tax credits and unused tax losses, to the extent it is probable that taxable profit will be available against which those deductible temporary differences can be utilised. MAT credit is recognised as an asset only if it is probable that the Company will pay normal income tax during the specified period.

1.09 Provisions, Contingent Liabilities and Contingent Assets

Provisions involving substantial degree of estimation in measurement are recognised when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. 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 but disclosed in the financial statements, when economic inflow is probable.

1.10 Earning per Share

In determining Earning per Share, the Company considers the net profit or loss after tax and includes the post tax effect of any extraordinary/ exceptional item. Number of shares used in computing Basic Earning per Share is the weighted average number of shares outstanding during the period. Dilutive earning per share is computed and disclosed after adjusting effect of all dilutive potential equity shares, if any except when results will be anti dilutive. Dilutive potential Equity Shares are deemed converted as of the beginning of the period, unless issued at a later date.

Notes on accounts to Financial Statements as at March 31, 2019

1.11 Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial Assets

Classification

(i) The Company classifies financial assets as subsequently measured at amortised cost, fair value through other comprehensive income or fair value through profit or loss on the basis of its business model for managing the financial assets and the contractual cash flows characteristics of the financial asset.

(ii) In determining the fair value of its financial instruments, the Company uses a variety of methods and assumptions that are based on market conditions and risk existing at each reporting date. The method used to determine fair value include discounted cash flow analysis, available quoted market price. All method of assessing fair value result in general approximation of value, and such value may never actually be realized. For all other financial instruments the carrying amounts approximate fair value due to the short maturity of those instruments.

(iii) **Initial recognition and measurement**

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

(iv) **Financial Assets measured at amortised cost:**

Financial assets are measured at amortised cost when asset is held within a business model, whose objective is to hold assets for collecting contractual cash flows and contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest. Such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. The losses arising from impairment are recognised in the profit or loss.

(v) **Financial Assets measured at fair value through profit or loss (FVTPL):**

Financial assets under this category are measured initially as well as at each reporting date at fair value with all changes recognised in the Statement of Profit and Loss.

(vi) **Investment in Mutual Funds:**

A Mutual fund is measured at amortised cost or at FVTPL with all changes recognised in the Statement of Profit and Loss.

(vii) **Derecognition of Financial Assets**

A financial asset is primarily derecognised when the rights to receive cash flows from the asset have expired or the Company has transferred its rights to receive cash flows from the asset.

(viii) **Impairment of Financial Assets**

In accordance with Ind - AS 109, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the financial assets that are Investment in Mutual fund.

Financial Liabilities

(i) **Classification**

The Company classifies all financial liabilities as subsequently measured at amortised cost, except for financial liabilities at fair value through profit or loss. Such liabilities, including derivatives that are liabilities, shall be subsequently measured at fair value.

(ii) **Initial recognition and measurement**

All financial liabilities are recognised initially at fair value, in the case of payables, net of directly attributable transaction costs. Financial liabilities include trade and other payables.

(iii) **Subsequent measurement**

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading, if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments that are not designated as hedging instruments in hedge relationships as defined by Ind - AS 109. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

(iv) **Loans and Borrowings**

Interest-bearing loans and borrowings are subsequently measured at amortised cost using the Effective Interest Rate (EIR) method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the Statement of Profit and Loss.

(v) **Derecognition of Financial Liabilities**

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the Statement of Profit and Loss.

(vi) **Derivative Financial Instrument and Hedge Accounting**

The Company uses derivative financial instruments, such as forward currency contracts and interest rate swaps, to hedge its foreign currency risks and interest rate risks respectively. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Worldtel Tamilnadu Private Limited

Notes on accounts to Financial Statements as at March 31, 2019

2.01 Property, Plant and Equipment

(Amount in ₹)

Particulars	Computer	Office Equipment	Furniture and Fixtures	Total
Gross carrying value				
As at April 01, 2017	8 43 200	5 67 972	11 02 464	25 13 636
Additions / Adjustment	-	-	-	-
As at March 31, 2018	**8 43 200**	**5 67 972**	**11 02 464**	**25 13 636**
Additions / Adjustment	-	-	-	-
As at March 31, 2019	**8 43 200**	**5 67 972**	**11 02 464**	**25 13 636**
Accumulated Depreciation				
As at April 01, 2017	8 43 200	5 40 410	10 47 341	24 30 951
Depreciation for the year	-	-	-	-
As at March 31, 2018	**8 43 200**	**5 40 410**	**10 47 341**	**24 30 951**
Depreciation for the year	-	-	-	-
As at March 31, 2019	**8 43 200**	**5 40 410**	**10 47 341**	**24 30 951**
Net carrying value				
As at March 31, 2018	-	27 562	55 123	82 685
As at March 31, 2019	**-**	**27 562**	**55 123**	**82 685**

Worldtel Tamilnadu Private Limited

Notes on accounts to Financial Statements as at March 31, 2019

(Amount in ₹)

	As at March 31, 2019	As at March 31, 2018
2.02 Cash and Cash Equivalents		
Balance with Banks	**4 87 668**	4 87 668
	4 87 668	4 87 668
2.03 Other Current Assets (Unsecured)		
Advances and Receivables		
Other Receivable		
Considered Good	**-**	**-**
Considered Doubtful	**-**	99 15 09 675
Less: Provision for doubtful debts	**-**	99 15 09 675
	-	-

Worldtel Tamilnadu Private Limited

Notes on accounts to Financial Statements as at March 31, 2019

2.04 Equity Share Capital

(Amount in ₹)

	As at March 31, 2019	As at March 31, 2018
Authorised		
2 50 00 000 (2 50 00 000) Equity Shares of ₹ 10 each	**25 00 00 000**	25 00 00 000
2 50 00 000 (2 50 00 000) Unclassified Share of ₹ 10 each	**25 00 00 000**	25 00 00 000
	50 00 00 000	50 00 00 000
Issued, Subscribed and Paid up		
10 000 (10 000) Equity Shares of ₹ 10 each fully paid up	**1 00 000**	1 00 000
	1 00 000	1 00 000

	As at March 31, 2019		As at March 31, 2018	
a) Shares held by Holding Company	**No. of Shares**	**%**	No. of Shares	%
Reliance Communication Infrastructure Limited	**10 000**	**100**	10 000	100
	10 000	**100**	10 000	100

b) Details of Share holders Holding more than 5% shares in the company

	No. of Shares	**Percentage**	No. of Shares	Percentage
Reliance Communication Infrastructure Limited	**10 000**	**100%**	10 000	100%
	10 000	**100%**	10 000	100%

C) Terms/rights attached to equity shares

The Company has only one class of equity shares having a par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share. In the event of liquidation of the Company, the holder of equity share will be entitled to receive remaining assets of the Company. The distribution will be in proportion to the number of equity shares held by the shareholders.

(Amount in ₹)

	As at March 31, 2019	As at March 31, 2018
2.05 Other Equity		
Surplus / (Deficit) in the Statement of Profit and Loss		
Opening Balance	**(101 27 74 320)**	(1 92 42 429)
Add: Profit/(Loss) for the year	**(34 810)**	(99 35 31 891)
Balance as at March 31, 2018	**(101 28 09 130)**	(101 27 74 320)
2.06 Other Current Liabilities		
Provision for Expenses	**1 05 695**	85 635
Other Payables (Related Party Refer Note 2.12)	**101 31 73 788**	101 31 59 038
	101 32 79 483	101 32 44 673

Worldtel Tamilnadu Private Limited

Notes on accounts to Financial Statements as at March 31, 2019

2.07 Other Income (Amount in ₹)

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Interest Income	-	2 400
	-	2 400

2.08 General Adinistration Expenses

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Other General and Administrative Expenses	**14 750**	14 03 546
Provision for Doubtful Receivables	-	99 15 09 675
Payment to Auditors	**20 060**	14 160
	34 810	99 29 27 381

Note 2.09

Previous Year

The figures for the previous year have been regrouped and reclassified, wherever required. Amount in financial statements are presented in Rupee, except as otherwise stated.

Note : 2.10

Deferred Tax Asset

Significant management judgement considered in determining provision for income tax, deferred income tax assets and liabilities and recoverability of deferred income tax assets. The recoverability of deferred income tax assets is based on estimates of taxable income and the period over which deferred income tax assets will be recovered.

The Company also has unused capital gain tax losses and Timing difference on depreciation of fixed assets, which according to the management will be used to setoff taxable profit arising in subsequent years. However, the Company on a conservative basis has restricted Deferred Tax Assets to Nil. The details are as under:

(Amount in ₹)

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Timing difference on depreciation of fixed assets	**52 868**	52 868
Capital gain Losses	**9 129**	9 129
	61 997	61 997

Note : 2.11

Going Concern

The Accounts have been prepared on a 'Going concern basis' as the Company has been able to meet its obligations in the ordinary course of business and considering the assurance of the financial support extended by the other body corporate.

Note 2.12

Related Parties

As per Ind AS- 24, issued by the Institute of Chartered Accountants of India, the disclosures of transaction with the related parties as defined in the Accounting Standard are given below:

a) Name of the Related Party	Relationship
i)Reliance Communications Limited	Ultimate Holding Company
ii)Reliance Communications Infrastructure Limited	Holding Company

Transaction with the related parties :- (Amount in ₹)

Nature of Transactions	Holding Company	Total
Other Payable	**100 13 94 910** (100 13 94 910)	100 13 94 910 (100 13 94 910)

Worldtel Tamilnadu Private Limited

Notes on accounts to Financial Statements as at March 31, 2019

Note : 2.13

Earning per share	**For the year ended March 31, 2019**	For the year ended March 31, 2018
Numerator - Profit /(Loss) after tax (₹)	**(34 810)**	(99 35 31 891)
Denominator - Weighted number of equity shares	**10 000**	10 000
Basic as well as diluted, earning per equity share of ₹10 each fully paid up (₹)	**(3)**	(99 353)

Note : 2.14

1 **Financial Instruments**

The fair value of financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between the willing parties, other than in a forced or liquidation sale.

The following methods and assumptions have been used to estimate the fair values:

Fair value of cash and short-term deposits, trade and other short term receivables, trade payables, other current liabilities, short term loans approximate their carrying amounts largely due to the short term maturities of these instruments

Fair value hierarchy

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

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 - Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

The carrying value and fair value of the financial instruments by categories were as follows:

Particulars	**As at March 31, 2019**	As at March 31, 2018
Financial assets at amortised cost:		
Cash and cash equivalents (Refer Note 2.02)	**4 87 668**	**4 87 668**
Financial assets at fair value through Profit and Loss/ other Comprehensive Income:	**Nil**	Nil
Financial liabilities at amortised cost:	**Nil**	Nil
Financial liabilities at fair value through Statement of Profit and Loss/ other Comprehensive Income:	**Nil**	Nil

2 **Financial Risk Management Objectives and Policies**

Activities of the Company expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The Company's primary focus is to foresee the unpredictability of financial markets and seek to minimize potential adverse effects on its financial performance.

The Company's financial liabilities comprise of borrowings to manage its operation and the financial assets include cash and bank balances, other receivables etc. arising from its operation.

Financial risk management

Market risk

The Company operates in India only. Market Risk is the risk that changes in market prices such as interest rates will affect income or value of its holding financial assets/ instruments.

Interest Rate Risk

Interest rate risk can be either fair value interest rate risk or cash flow interest rate risk. Fair value interest rate risk is the risk of changes in fair values of fixed interest bearing investments because of fluctuations in the interest rates. Cash flow interest rate risk is the risk that the future cash flows of floating interest bearing investments will fluctuate because of fluctuations in the interest rates.

Exposure to interest rate risk

The Company does not have Interest rate risk as there is no interest bearing liability

The Company does not have interest bearing financial instruments.

Fair value sensitivity analysis for fixed-rate instruments

The Company does not account for any fixed rate financial assets or financial liabilities at fair value through profit or loss. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

Cash flow sensitivity analysis for variable rate instruments

A reasonably possible change of 100 basis points in interest rates at the reporting date would have increased /(decreased) equity and profit or loss. However, as there is no financial instruments outstanding, hence sensitivity analysis not computed.

Derivative financial instruments

The Company does not hold derivative financial instruments

Credit risk

Credit risk refers to the risk of default on its obligation by the customer/ counter party resulting in a financial loss.

The Company does not have exposure to the credit risk at the reporting date.

Liquidity risk

The Company's principal sources of liquidity are cash and cash equivalents and the cash flow that is generated from operations. The Company does not have any contractual maturities of financial liabilities.

Note : 2.15

Segment Reporting

The Company is not having any reportable segment as per Indian Accounting Standard ("Ind AS")108 -

Note : 2.16

Capital Management

Capital of the Company, for the purpose of capital management, include issued equity capital and all other equity reserves attributable to the equity holders of the Company. The primary objective of the Company's capital management is to maximise shareholders value. The funding requirement is met through a mixture of equity, internal accruals and borrowings which the Company monitors on regular basis.

Note : 2.17

Post Reporting Events

No adjusting or significant non-adjusting events have occurred between the reporting date and the date of authorisation.

Note : 2.18

Authorisation of Financial Statements

The financial statements for the year ended March 31, 2019 were approved by the Board of Directors on May 24, 2019

As per our Report of even date

For Priti V Mehta & Co
Chartered Accountants
Firm Registration No 129568W

Priti V Mehta
Proprietor
Membership No. 130514

Place : Mumbai
Dated : May 24, 2019

For and on behalf of the Board

Jaywant Prabhu }
DIN: 06749785 }
}
} **Directors**
}
}
Suchitra Maharana }
DIN: 08106235 }

Independent Auditors' Report

To the Board of Reliance Globalcom Limited

Report on the Ind AS Financial Statements

Opinion

We have audited the accompanying standalone Ind AS financial statements of **Reliance Globalcom Limited**("the Company"), which comprise the Balance Sheet as at 31st March, 2019, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the 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 standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the state of affairs of the Company as at 31st March, 2019, and its profit/loss (including 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 in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013 ("the Act"). Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Ind AS 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 together with the ethical requirements that are relevant to our audit of the Ind AS financial statements 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 Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information Other than the Standalone Financial Statements and auditor's Report Thereon

Our opinion on the Ind AS 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 standalone Ind AS financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Ind AS financial statements or our knowledge obtained in the 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.

This report is issued for the information and use of the Board of directors of the Company and of Reliance Communications Limited, the holding company in India to comply with the financial reporting requirements in India and should not be used for any other purposes without our prior written consent.

Management's Responsibility for the Ind AS financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards ('Ind AS'), prescribed under section 133 of the Companies Act, 2013 ("the Act") read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015, the Companies (Indian Accounting Standards) Amendment Rules, 2016 and other provisions of the Act, to the extent notified and applicable as well as applicable guidance notes and pronouncements of the Institute of Chartered Accountants of India (the ICAI).

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 standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Audit of the Ind AS Financial Statements

Our responsibility is to express an opinion on these standalone Ind AS financial statements based on our audit.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the standalone Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the company has in place and adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the

reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the standalone Ind AS financial statements.

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.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone Ind AS financial statements.

For Shridhar& Associates
Chartered Accountants
Firm Registration No.134427W

Jitendra Sawjiany
Partner
Membership No.050980

Place: Mumbai
Date: 22nd May 2019

RELIANCE GLOBALCOM LIMITED
Balance Sheet as at March 31, 2019

Amount in ₹

Particulars	Note	As at March 31, 2019	As at March 31, 2018
ASSETS			
Non-current assets			
Property, plant and equipment	2.01	**49,73,82,19,498**	50,32,96,79,407
Other intangible assets	2.02	**5,52,05,40,186**	5,47,44,96,075
Capital work- in-progress	2.03	**4,25,30,325**	21,50,77,500
Investments	2.04	**46,97,93,260**	44,27,55,777
Financial assets			
Other financial assets	2.05	**9,04,80,037**	47,59,699
Income tax asset (net)	2.06	**1,55,28,247**	1,03,64,279
Other non-current assets	2.07	**10,26,06,33,110**	9,73,31,29,458
Total Non-current assets		**66,13,77,24,663**	66,21,02,62,195
Current assets			
Financial assets			
Trade receivables	2.08	**4,31,65,18,806**	4,74,03,14,339
Cash and cash equivalents	2.09	**2,89,29,19,194**	63,67,71,404
Other Financial assets	2.05	**52,61,18,91,390**	44,65,68,82,718
Other Current assets	2.10	**64,10,33,589**	58,83,86,066
Total Current assets		**60,46,23,62,979**	50,62,23,54,527
Total Assets		**1,26,60,00,87,642**	1,16,83,26,16,722
EQUITY AND LIABILITIES			
Equity			
Equity share capital	2.11	**21,85,67,94,101**	20,59,88,94,592
Other equity	2.11	**45,22,02,30,122**	41,17,93,00,988
Total equity		**67,07,70,24,223**	61,77,81,95,580
LIABILITIES			
Non-current liabilities			
Provisions	2.12	**1,52,73,13,894**	1,41,46,38,443
Other non-current liabilities	2.13	**28,29,85,55,617**	27,07,34,99,968
Total Non-current liabilities		**29,82,58,69,511**	28,48,81,38,411
Current liabilities			
Financial liabilities			
Borrowings	2.14	**1,84,92,77,324**	2,36,64,96,488
Trade payables	2.15	**3,78,44,29,043**	4,36,79,11,955
Other financial liabilities	2.16	**16,99,67,28,583**	13,94,26,83,467
Other current liabilities	2.17	**7,06,67,58,958**	5,88,91,90,821
Total Current liabilities		**29,69,71,93,908**	26,56,62,82,731
Total Liabilities		**59,52,30,63,419**	55,05,44,21,142
Total Equity and Liabilities		**1,26,60,00,87,642**	1,16,83,26,16,722
General Information	1.01		
Significant Accounting Policies	1.02		
Notes to the Financial Statements	2		

The accompanying notes form an integral part of the financial statements

As per our report of even date attached

For Shridhar & Associates
Chartered Accountants
Firm Registration No. : 134427W

For Reliance Globalcom Limited

Jitendra Sawjiany
Partner
Membership No :050980

Place: Mumbai
Date: 22nd May 2019

Janet Troxell
Director

Place:
Date: 21st May 2019

Janice Gutteridge
Director

Place:
Date: 21st May 2019

RELIANCE GLOBALCOM LIMITED
Statement of Profit and loss for the year ended March 31, 2019

Amount in ₹

Particulars	Note	For the year ended March 31, 2019	For the year ended March 31, 2018
INCOME			
Revenue from operations	2.18	13,05,42,48,079	11,00,01,06,914
Other Income	2.19	5,88,52,152	20,04,82,750
Total Income		13,11,31,00,231	11,20,05,89,664
EXPENSES			
Network operation expenses	2.20	4,99,36,21,423	4,28,79,57,407
Employee benefits expense	2.21	53,91,59,784	50,36,83,406
Finance charges	2.22	2,68,83,611	2,43,35,067
Depreciation and amortization expense	2.23	5,19,31,34,190	4,77,19,66,781
Other expenses	2.24	82,66,38,226	52,73,29,818
Total Expenses		11,57,94,37,234	10,11,52,72,479
Profit before tax		1,53,36,62,997	1,08,53,17,185
Tax Expense			
-Current Tax		(93,91,511)	(5,69,34,809)
Profit after tax		1,54,30,54,508	1,14,22,51,994
Other comprehensive income			
Items that may be subsequently reclassified to statement of profit or loss			
Currency translation		2,49,78,74,626	10,46,79,645
Total other comprehensive income for the year		2,49,78,74,626	10,46,79,645
Total comprehensive income for the year		4,04,09,29,134	1,24,69,31,639
Earnings per equity share	2.26		
(1) Basic		0.05	0.04
(2) Diluted		0.05	0.04
General Information	1.01		
Significant Accounting Policies	1.02		
Notes to the Financial Statements	2		

The accompanying notes form an integral part of the financial statements

As per our report of even date attached

For Shridhar & Associates
Chartered Accountants
Firm Registration No. : 134427W

Jitendra Sawjiany
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Membership No :050980

Place: Mumbai
Date: 22nd May 2019

For Reliance Globalcom Limited

Janet Troxell
Director

Place:
Date: 21st May 2019

Janice Gutteridge
Director

Place:
Date: 21st May 2019

RELIANCE GLOBALCOM LIMITED
Statement of Cash flows for the year ended March 31, 2019

Amount in ₹

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
A) CASH FLOW FROM OPERATING ACTIVITIES:		
Profit before tax	**1,53,36,62,997**	1,08,53,17,185
Adjustments for:		
Interest income	**(29,86,104)**	(2,58,93,240)
Depreciation and amortisation expense	**5,19,31,34,190**	4,77,19,66,781
Provision for doubtful debts	**38,27,61,295**	16,98,25,257
Finance cost	**2,68,83,611**	2,43,35,067
Foreign Currency Translation and exchange movement (net)	**49,30,22,460**	5,83,85,054
	7,62,64,78,449	6,08,39,36,104
Changes in working capital		
Decrease / (Increase) in non-current financial assets	**(8,57,20,338)**	29,797
Decrease / (Increase) in non-current assets	**(52,75,03,652)**	(35,38,24,997)
Decrease / (Increase) in trade receivables	**4,10,34,238**	(46,96,73,803)
Decrease / (Increase) in other current financial assets	**(7,95,50,08,672)**	(5,33,13,62,117)
Decrease / (Increase) in other current assets	**(5,26,47,523)**	(24,87,72,288)
Increase / (Decrease) in non-current liabilities	**1,22,50,55,649**	(1,90,48,60,330)
Increase / (Decrease) in trade payables	**(58,34,82,912)**	37,28,26,191
Increase / (Decrease) in other financial liabilites	**3,05,40,45,116**	3,78,19,97,109
Increase / (Decrease) in other currrent liabilities	**1,17,75,68,137**	6,22,31,836
Increase / (Decrease) in provisions	**11,26,75,451**	3,02,47,025
Cash generated from / (used in) operations	**4,03,24,93,943**	2,02,27,74,527
Income Taxes (Paid)/Refund	**42,27,543**	4,50,18,675
Net cash generated from / (used in) operating activities (A)	**4,03,67,21,486**	2,06,77,93,202
B) CASH FLOW FROM INVESTING ACTIVITIES:		
Purchase of property, plant and equipment and intangible assets (including capital work-in-progress)	**(1,23,94,57,025)**	(82,94,58,565)
Loan to related party	**(51,72,19,164)**	(3,41,53,92,828)
Net cash generated from / (used in) investing activities (B)	**(1,75,66,76,189)**	(4,24,48,51,393)
C) CASH FLOW FROM FINANCING ACTIVITIES:		
Finance Cost	**(2,68,83,611)**	(2,43,35,067)
Interest Income	**29,86,104**	2,58,93,240
Net cash generated from / (used in) financing activities (C)	**(2,38,97,507)**	15,58,173
Net Decrease in cash and cash equivalents (A+B+C)	**2,25,61,47,790**	(2,17,55,00,018)
Cash and cash equivalents at the beginning of the year	**63,67,71,404**	2,81,22,71,422
Cash and cash equivalents at the end of the year (refer Note 2.09)	**2,89,29,19,194**	63,67,71,404

As per our report of even date attached

For Shridhar & Associates
Chartered Accountants
Firm Registration No. : 134427W

Jitendra Sawjiany
Partner
Membership No :050980

Place: Mumbai
Date: 22nd May 2019

For Reliance Globalcom Limited

Janet Troxell
Director

Place:
Date: 21st May 2019

Janice Gutteridge
Director

Place:
Date: 21st May 2019

RELIANCE GLOBALCOM LIMITED
Statement of changes in equity for the year ended March 31, 2019

Amount in ₹

Particulars	Equity	Other equity				Total other equity	Total equity
	Share capital	Share premium	Reserves and Surplus	Capital reserve	Other Comprehensive Income		
			Retained earnings		Foreign Exchange Translation Reserve*		
Balance as at April 1, 2017	20,49,61,76,668	17,73,76,51,095	19,12,79,13,836	3,77,74,99,345	(81,85,19,520)	39,82,45,44,756	**60,32,07,21,424**
Net Profit for the year	-	-	1,14,22,51,994	-		1,14,22,51,994	**1,14,22,51,994**
Foreign Exchange Movement	10,27,17,924	8,88,93,419		1,89,31,174		10,78,24,593	**21,05,42,517**
Currency translation					10,46,79,645	10,46,79,645	**10,46,79,645**
Balance as at March 31, 2018	**20,59,88,94,592**	**17,82,65,44,514**	**20,27,01,65,830**	**3,79,64,30,519**	**(71,38,39,875)**	**41,17,93,00,988**	**61,77,81,95,580**
Net Profit for the year	-	-	1,54,30,54,508	-		1,54,30,54,508	**1,54,30,54,508**
Foreign Exchange Movement	1,25,78,99,509					-	**1,25,78,99,509**
Currency translation					2,49,78,74,626	2,49,78,74,626	**2,49,78,74,626**
Balance as at March 31, 2019	**21,85,67,94,101**	**17,82,65,44,514**	**21,81,32,20,338**	**3,79,64,30,519**	**1,78,40,34,751**	**45,22,02,30,122**	**67,07,70,24,223**

***Foreign Exchange Translation Reserve: Exchange differences on translating the financial statements**

As per our report of even date attached

For Shridhar & Associates
Chartered Accountants
Firm Registration No. : 134427W

Jitendra Sawjiany
Partner
Membership No :050980

Place: Mumbai
Date: 22nd May 2019

For Reliance Globalcom Limited

Janet Troxell
Director

Place:
Date: 21st May 2019

Janice Gutteridge
Director

Place:
Date: 21st May 2019

1.01 General Information

Reliance Globalcom Limited ("RGL") is a subsidiary of GCX Limited, Bermuda (GCX). The registered address of the Company is Cumberland House, 9th Floor, 1 Victoria Street, Hamilton HM11, Bermuda. The Company (as defined below) is part of a multinational corporate organization and operates global telecommunications network comprised of advanced fiber-optic cable systems and interfaces that are owned by, leased to, or otherwise available to the Company. Over its global network, the Company offers variety of telecommunications products and services which include IP transit, IP point-to-point, leased capacity services, co-location service and long-term rights of use in capacity.

1.02 SIGNIFICANT ACCOUNTING POLICIES

a) Basis of Preparation of Financial Statements

The financial statements are prepared under historical cost convention in accordance with generally accepted accounting principles (GAAP) in India and in compliance with the Indian Accounting Standards (Ind AS) specified under section 133 to the Companies Act, 2013 read with Companies (Indian Accounting Standard) Rules, 2015 as notified/ amended by Ministry of Corporate Affairs, Government of India.

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle. Based on the nature of the services and their realization in cash and cash equivalents, the Company has ascertained its operating cycle as twelve months for the purpose of current – non-current classification of assets and liabilities.

Financial Statements have been prepared on a going concern basis.

The Company has applied the following standards and amendments for the first time for their annual reporting period commencing April 1, 2018:

- Ind AS 115 Revenue from Contracts with Customers
- Amendment to Ind AS 21- Foreign Currency Transactions and Advance Consideration

The adoption of the above new standards, amendment and interpretation did not have material impact on these financial statements. There are no other Ind AS amendments that are effective that would be expected to have a material impact on the Company's Financial Statements.

Standards and amendments issued and not yet effective
The following standards and amendments, which were in issue but not yet effective and have not been early adopted by the Company.

Ind AS 116 - Leases

Ind AS 116 is applicable from annual periods beginning on or after April 1, 2019. It will replace previous lease standard Ind AS 17. Ind AS 116 sets out the principles for recognition, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to accounting for finance leases under Ind AS 17. The standard includes two recognition exemption for leases: leases of 'low-value' assets and short-term leases. At the commencement date of a lease, a lessee will recognise a liabilityto make lease payments and an asset representing right to use the underlying asset during the lease term. Lessor accounting under Ind AS 16 is substantially unchanged from today's accounting under Ind AS 17.

Appendix C to Ind AS 112 -'Uncertainty over Income tax treatments'

This Appendix explains how to recognize and measure deferred and current tax assets and liabilities where there is uncertainty over a tax treatment. It provides a framework to consider, recognize and measure the accounting impact of tax uncertainties. This Appendix is applicable for annual periods beginning on or after April 1, 2019.

The company is evaluating the impact of the new standard and amendment on the financial position and results of operation. There are no other standards that are not yet effective and that would be expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions

b) Foreign Currency

i) Foreign Currency Transactions

Initial Recognition

On initial recognition, all foreign currency transactions are recorded by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

Subsequent Recognition

As at the reporting date, non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction. All non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined. All monetary assets and liabilities in foreign currency are restated at the end of accounting period. The resulting foreign exchange gains and losses are recognized in the Statement of Profit and loss on a net basis.

ii) Translation into Presentation Currency

The financial statements are translated into presentation currency which is Indian Rupees. Foreign exchange gains and losses resulting from translation into presentation currency are recognized in Other Comprehensive Income

c) Property, plant and equipment

Recognition and measurement

Property, plant and equipment consists of network assets, leasehold improvements, computers and office equipment, vehicles, furniture and fittings.

Property, plant and equipment are stated at cost, net of accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the assets and includes the projected cost of dismantlement, removal or restoration, if the obligation for the dismantlement, removal or restoration is incurred as a consequence of either acquiring the asset or using the asset for purpose other than to produce inventories.

Subsequent expenditure

Subsequent costs are included in the asset’s carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the Statement of Profit and Loss during the financial period in which they are incurred.

Depreciation

Depreciation on all assets is calculated so as to write-down the cost of property, plant and equipment to its residual value over its estimated useful life. Estimated useful lives, residual values and depreciation methods are reviewed annually, taking into account commercial and technological obsolescence as well as normal wear and tear.
Depreciation is recorded on a straight-line basis over the estimated useful lives of the property, plant and equipment as follows:

Network assets..the shorter of 15 to 25 years or remaining useful lives
Leasehold improvements................................over the period of lease
Computers and office equipment....................3 to 6 years
Vehicles…………………………………………5 years
Furniture and fittings…....................................3 to 7 years

The estimated useful lives of network assets are determined based on the estimated period over which they will generate revenue. Depreciation on any capitalisation due to modifications, improvements of the assets is restricted to the remaining useful life of the fixed asset.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in statement of profit or loss.

Capital work in Progress

Costs incurred prior to the capital project's completion are reflected as capital-work-in-progress, which is transferred to property, plant and equipment at the date the project is complete. Capital-work-in-progress is stated at cost.

d) Asset retirement obligation

The cost of property, plant and equipment also includes, where applicable, costs of its dismantlement, removal or restoration, the obligation for which an entity incurs as a consequence of installing the item. This liability is estimated based on the best estimate of the expenditure required to settle the obligation, taking into consideration of time value. A corresponding liability is created for the amount recognised by discounting the obligation to the date of the Consolidated Balance Sheet with a historical risk adjusted interest rate. Subsequent changes in the asset retirement obligation due to change in the estimated timing, amount of the outflow of resources embodying economic benefits required to settle the obligation or change in the discount rate are adjusted in the cost of the related asset prospectively, surplus if any is credited to the Consolidated Statement of Profit and Loss and changes due to periodic unwinding of the discount are recognised in the Consolidated Statement of Profit and Loss as a finance cost as it occurs. This finance cost is not capitalised as a part of borrowing cost.

The asset retirement obligation is amortised over the useful life of the asset for which the obligation has been created.

e) Intangible Assets

Indefeasible Right of Use (IRU)

IRU are amortised over their estimated useful lives of 5 to 25 years on straight line basis. The estimated useful life of IRUs is based on the contractual terms of the respective contracts.

Software and Licences

Acquired computer software licences are capitalized on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortized over their estimated useful lives of 3 to 5 years.

Costs that are directly associated with the production of identifiable and unique software products controlled by the entity and that will probably generate economic benefits exceeding costs beyond 1 year, are recognized as intangible assets.

Computer software development costs recognized as intangible assets and are amortized over their estimated useful lives, not exceeding 5 years.

Intangible Assets under Development

Intangible assets not ready for the intended use on the date of the Balance Sheet are disclosed as "intangible assets under development".

f) Impairment of Non-Financial assets

Non-Financial assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset’s carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset’s fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non- financial assets that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

g) Financial Instruments

Financial instruments are recognised when the Company becomes a party to the contractual provisions of the instrument.

(a) Investments and other Financial Assets

(I) Classification

The Company classifies its financial assets in the following measurement categories:

a) those to be measured subsequently at fair value (either through other comprehensive income, or through Statement of profit and loss); and
b) those to be measured at amortised cost.

The classification depends on the Company’s business model for managing the financial assets and the contractual terms of the cash flows.
For assets measured at fair value, gains and losses will either be recorded in Statement of profit and loss or other comprehensive income (‘OCI’).

(II) Measurement

At initial recognition, the Company measures a financial asset at its fair value. Transaction costs of financial assets carried at fair value through the statement of profit and loss are expensed in the statement of profit and loss.

(III) Derecognition of financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the assets expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of the transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

(IV) Impairment of financial assets

The Company recognizes loss allowances using the expected credit loss (ECL) model for the financial assets which are not fair valued through profit or loss. Loss allowance for trade receivables with no significant financing component is measured at an amount equal to lifetime ECL. For all other financial assets, expected credit losses are measured at an amount equal to the 12-month ECL, unless there has been a significant increase in credit risk from initial recognition in which case those are measured at lifetime ECL. The amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognised as an impairment gain or loss in statement of profit or loss.

(b) Financial Liabilities

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

(I) Classification

The financial liabilities are classified in the following measurement categories:

a) those to be measured as financial liabilities at fair value through profit or loss,
b) those to be measured at amortised cost.

(II) Initial recognition and measurement

Financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. Financial liabilities are initially measured at the amortised cost unless at initial recognition, they are classified as fair value through profit and loss.

(III) Subsequent measurement

Financial liabilities are subsequently measured at amortised cost using the effective interest rate method. Financial liabilities carried at fair value through profit or loss are measured at fair value with all changes in fair value recognised in the statement of profit and loss.

(IV) Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the Statement of profit and loss.

h) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counter party.

i) Trade receivables

Trade receivables are amounts due from customers for services performed in the ordinary course of business. If collection is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at fair value. They are subsequently measured at amortised cost (net of allowance for impairment) using the effective interest method, if the effect of discounting is considered material.

j) Cash and Cash Equivalents

In the statement of cash flows, cash and cash equivalents include cash in hand, demand deposits with banks, other short-term highly liquid investments with original maturities of three months or less and that are readily convertible to known amount of cash and cash equivalent and bank overdrafts.

k) Share Capital

Ordinary Common Shares are classified as equity.
Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

l) Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified under current liabilities if payment is due within one year or less. If not, they are presented under non-current liabilities.
Trade payables are recognised initially at fair value and subsequently measured at amortised cost using effective interest rate method.

m) Provisions and Contingent Liabilities

Provisions are recognised when there is a present legal or constructive obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and there is a reliable estimate of the amount of the obligation. Provisions are measured at the best estimate of the expenditure required to settle the present obligation at the Balance Sheet date and are not discounted to its present value.

Contingent Liabilities: Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made.

n) Current and deferred Tax

Tax expense for the period, comprising current tax and deferred tax, are included in the determination of the net profit or loss for the period. Current tax is measured at the amount expected to be paid to the tax

authorities in accordance with the taxation laws prevailing in the respective jurisdictions.
Deferred tax is recognized, using the liability method, for all the temporary differences, subject to the consideration of prudence in respect of deferred tax assets. Deferred tax assets are recognised and carried forward only to the extent that it is probable that sufficient future taxable income will be available against which such deferred tax assets can be realised. However, where there is unabsorbed depreciation or carry forward loss, the deferred tax asset is recognised and carried forward only to the extent that it is probable that the assets will be realised in future. Deferred tax assets and liabilities are measured using the tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date. At each Balance Sheet date, the Company re-assesses unrecognised deferred tax asset if any.

Current tax assets and current tax liabilities are offset when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle the asset and the liability on a net basis. Deferred tax assets and deferred tax liabilities are offset when there is a legally enforceable right to set off assets against liabilities representing current tax and where the deferred tax assets and the deferred tax liabilities relate to taxes on income levied by the same governing taxation laws.

o) Revenue Recognition

The Company has adopted Ind AS 115 Revenue from Contracts with Customers with a date of initial application of April 1, 2018. As a result, the Group has updated its accounting policy for revenue recognition as detailed below.

The Company has applied Ind AS 115 using the cumulative effect method and therefore the comparative information has not been restated and continues to be reported under Ind AS 18 .

Company recognizes revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and when specific criteria have been met for Company's activities as described below. Revenue is measured at the fair value of the consideration receivable and represents amount receivable for services rendered, net of taxes, expected variable consideration, price reductions and rebates. The company uses expected value method or most likely amount method to estimate the amount of variable consideration.

Where the contracts include multiple performance obligations, the transaction price will be allocated to each performance obligation based on the stand- alone selling prices. Where these are not directly observable, they are estimated based on market assessment approach.

Indefeasible Right of Use

The Company sells Right of Use (ROU) that provide customers with network capacity, typically over a 10 to 15 year period without transferring the legal title or giving an option to purchase the network capacity. Revenue from cancellable ROU arrangements are accounted as operating lease and recognized over the life of the contract.

Internet Protocol Services

The Company recognises internet protocol revenue over the term of the contract. Fees related to activation of services are deferred and recognised over the expected term of the related service agreement.

International Private Leased Circuits

International Private Leased Circuits include lease capacity services and restoration service for other network operators. The customer typically pays the charges for these services periodically over the life of the contract, which may be up to three years. Revenue is recognized in the Company's Statement of Profit and Loss over the term of the contract.

Operations and Maintenance Services

The Company provides operation and maintenance services over the life of the capacity contract, for which the Company receives Operation and Maintenance charges. Operation and maintenance charges are invoiced separately from capacity sales. Revenues relating to maintenance are recognized over the period in which the service is provided.

Network service revenue/Expense

Transfer pricing is based on provisions contained in Organization for Economic Co-operation & Development (the OECD guidelines).

Interest income

The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of a financial asset. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument but does not consider the expected credit losses. Interest income is recognised using the effective interest method.

Dividend income

Dividends are recognised in Statement of Profit or Loss only when the right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the company, and the amount of the dividend can be measured reliably.

p) Deferred Revenue

Deferred Revenue represents income billed in accordance with the contract but not recognised in Statement of Profit and Loss as at the Balance Sheet date. Deferred Revenue net of the amount recognizable beyond one year is disclosed as unearned income in non-current liabilities and the amount recognizable within one year is disclosed as deferred revenue in current liabilities.

q) Accrued Income

Where the services are performed prior to billing, unbilled debtors is recognized in other current assets.

r) Employee Benefits

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the Balance Sheet.

Eligible employees of the company are covered by defined contribution pension plan. Contribution to the plan is generally based on each employee's eligible compensation and years of service and is based on the local regulations. The schemes are funded through payments to insurance companies as defined contribution plans. In some defined contribution retirement plan, eligible employees may contribute amounts to the plan, via payroll withholding, subject to certain limitations.

s) Borrowing cost

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

Other borrowing costs are expensed in the period in which they are incurred.

t) Dividend

Dividend to ordinary shareholders is recognised as a liability in the period in which the dividends are approved by the ordinary shareholders. Interim dividends that are declared by the Board of Directors without the need for ordinary shareholders' approval are recognised as a liability and deducted from shareholders' equity in the year in which the dividends are declared by the Board of Directors.

u) Use of Estimates

The presentation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of Balance Sheet and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognized in the year in which the results are known / materialized.

v) Earnings Per Share

i) Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the company
- by the weighted average number of equity shares outstanding during the financial year, adjusted for bonus elements in equity shares issued during the year.

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential equity shares, and
- the weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

2.01 Property, plant and equipments

Amount in ₹

Particulars	Network Assets	Computers	Furniture and fixtures	Leasehold Improvement	Total
Gross carrying value					
As at April 1, 2018	94,23,54,17,478	7,99,61,860	2,97,351	18,66,16,772	94,50,22,93,461
Additions	79,55,27,619	5,83,875	-	-	79,61,11,494
Disposal	(40,58,94,728)	-	-	-	(40,58,94,728)
Currency translation difference	5,75,03,73,067	48,76,627	18,158	1,13,96,006	5,76,66,63,858
As at March 31, 2019	**1,00,37,54,23,436**	**8,54,22,362**	**3,15,509**	**19,80,12,778**	**1,00,65,91,74,085**
Accumulated depreciation					
As at April 1, 2018	43,93,33,71,805	6,39,70,168	2,97,351	17,49,74,730	44,17,26,14,054
Depreciation for the year	4,19,01,69,061	91,57,257	-	63,90,463	4,20,57,16,781
Disposal	(11,02,60,029)	-	-	-	(11,02,60,029)
Currency translation difference	2,63,84,43,356	38,06,754	18,158	1,06,15,513	2,65,28,83,781
As at March 31, 2019	**50,65,17,24,193**	**7,69,34,179**	**3,15,509**	**19,19,80,706**	**50,92,09,54,587**
Closing net carrying value as at March 31, 2019	**49,72,36,99,243**	**84,88,183**	**-**	**60,32,072**	**49,73,82,19,498**
Gross carrying value as at March 31, 2019	1,00,37,54,23,436	8,54,22,362	3,15,509	19,80,12,778	1,00,65,91,74,085
Accumulated depreciation	50,65,17,24,193	7,69,34,179	3,15,509	19,19,80,706	50,92,09,54,587
Closing net carrying value as at March 31, 2019	**49,72,36,99,243**	**84,88,183**	**-**	**60,32,072**	**49,73,82,19,498**

Particulars	Network Assets	Computers	Furniture and fixtures	Leasehold Improvement	Total
Gross carrying value					
As at April 1, 2017	93,31,64,32,714	7,83,92,781	2,95,868	18,56,86,193	93,58,08,07,556
Additions	44,62,75,349	11,63,053	-	-	44,74,38,402
Currency translation difference	47,27,09,415	4,06,026	1,483	9,30,579	47,40,47,503
As at March 31, 2018	**94,23,54,17,478**	**7,99,61,860**	**2,97,351**	**18,66,16,772**	**94,50,22,93,461**
Accumulated depreciation					
As at April 1, 2017	39,83,30,08,885	5,48,86,549	2,95,868	16,81,54,679	40,05,63,45,981
Depreciation for the year	3,85,71,06,471	87,09,970	-	59,10,475	3,87,17,26,916
Currency translation difference	24,32,56,449	3,73,649	1,483	9,09,576	24,45,41,157
As at March 31, 2018	**43,93,33,71,805**	**6,39,70,168**	**2,97,351**	**17,49,74,730**	**44,17,26,14,054**
Closing net carrying value as at March 31, 2018	**50,30,20,45,673**	**1,59,91,692**	**-**	**1,16,42,042**	**50,32,96,79,407**
Gross carrying value as at March 31, 2018	94,23,54,17,478	7,99,61,860	2,97,351	18,66,16,772	94,50,22,93,461
Accumulated depreciation	43,93,33,71,805	6,39,70,168	2,97,351	17,49,74,730	44,17,26,14,054
Closing net carrying value as at March 31, 2018	**50,30,20,45,673**	**1,59,91,692**	**-**	**1,16,42,042**	**50,32,96,79,407**

2.02 Other intangible assets

Amount in ₹

Particulars	Indefeasible Right of Use	Software	Access charges	Total
Gross carrying value				
As at April 1, 2018	14,29,58,76,469	11,28,52,278	86,10,63,944	15,26,97,92,691
Additions	68,16,81,044	1,43,00,846	-	69,59,81,890
Currency translation difference	86,55,77,342	67,35,820	5,25,82,041	92,48,95,203
As at March 31, 2019	**15,84,31,34,855**	**13,38,88,944**	**91,36,45,985**	**16,89,06,69,784**
Accumulated amortisation				
As at April 1, 2018	9,05,04,81,535	4,35,28,508	70,12,86,573	9,79,52,96,616
Amortisation for the year	91,80,67,792	2,50,42,184	4,43,07,433	98,74,17,409
Currency translation difference	54,26,87,263	23,85,556	4,23,42,754	58,74,15,573
As at March 31, 2019	**10,51,12,36,590**	**7,09,56,248**	**78,79,36,760**	**11,37,01,29,598**
Closing net carrying value as at March 31, 2019	**5,33,18,98,265**	**6,29,32,696**	**12,57,09,225**	**5,52,05,40,186**
Gross carrying value as at March 31, 2019	15,84,31,34,855	13,38,88,944	91,36,45,985	16,89,06,69,784
Accumulated amortisation	10,51,12,36,590	7,09,56,248	78,79,36,760	11,37,01,29,598
Closing net carrying value as at March 31, 2019	**5,33,18,98,265**	**6,29,32,696**	**12,57,09,225**	**5,52,05,40,186**

Particulars	Indefeasible Right of Use	Software	Access charges	Total
Gross carrying value				
As at April 1, 2017	14,05,27,36,582	11,37,32,055	85,67,70,185	15,02,32,38,822
Additions	17,07,81,900	(14,33,537)	-	16,93,48,363
Currency translation difference	7,23,57,987	5,53,760	42,93,759	7,72,05,506
As at March 31, 2018	**14,29,58,76,469**	**11,28,52,278**	**86,10,63,944**	**15,26,97,92,691**
Accumulated amortisation				
As at April 1, 2017	8,16,37,89,798	2,06,75,354	65,61,03,319	8,84,05,68,471
Amortisation for the year	83,63,18,216	2,24,95,079	4,14,26,570	90,02,39,865
Currency translation difference	5,03,73,521	3,58,075	37,56,684	5,44,88,280
As at March 31, 2018	**9,05,04,81,535**	**4,35,28,508**	**70,12,86,573**	**9,79,52,96,616**
Closing net carrying value as at March 31, 2018	**5,24,53,94,934**	**6,93,23,770**	**15,97,77,371**	**5,47,44,96,075**
Gross carrying value as at March 31, 2018	14,29,58,76,469	11,28,52,278	86,10,63,944	15,26,97,92,691
Accumulated amortisation	9,05,04,81,535	4,35,28,508	70,12,86,573	9,79,52,96,616
Closing net carrying value as at March 31, 2018	**5,24,53,94,934**	**6,93,23,770**	**15,97,77,371**	**5,47,44,96,075**

Amount in ₹

	Particulars	As at March 31, 2019	As at March 31, 2018
2.03	**Capital work in progress**		
	Balance as at the beginning of the year	**21,50,77,500**	-
	Additions during the year	**4,29,98,340**	21,26,71,800
	Capitalised during the year:		
	Property, plant and equipment	**21,50,77,500**	-
	Intangible assets	**-**	-
	Currency translation difference	**(4,68,015)**	24,05,700
	Balance as at the closing of the year	**4,25,30,325**	21,50,77,500
2.04	**Investments**		
	Investment in subsidiaries		
	Unquoted, fully paid up		
	50,000 (50,000) FLAG Telecom Singapore Pte. Limited, 1 SGD per Share	**19,71,263**	18,57,813
	77,999 (77,999) FLAG Telecom Asia Limited, 1 HKD per Share	**6,95,959**	6,55,905
	294,000 (294,000) Seoul Telenet Inc, 5000 South Korean Won per Share	**7,67,69,264**	7,23,51,049
	100,000,000 (100,000,000) FLAG Holdings (Taiwan) Limited	**18,60,97,683**	17,53,87,412
	84,000,000 (84,000,000) FLAG Telecom Taiwan Limited	**17,33,40,396**	16,33,64,331
	2 (2) FLAG Atlantic UK Limited, 1 GBP per Share	**139**	131
	2,500 (2,500)Reliance FLAG Atlantic France SAS, 16 Euro per Share	**25,64,267**	24,16,689
	2 (2) Flag Telecom Deutschland GMBH, 12,500 Euro per Share	**15,79,154**	14,88,271
	2 (2) Reliance Globalcom U.K Limited, 1 GBP per Share	**208**	196
	12,000 (12,000) FLAG Telecom Development Limited, 1 USD per Share	**8,29,860**	7,82,100
	5 (5) FLAG Telecom Development Services Company LLC, EGP 100 per Share	**9,128**	8,603
	180 (180) Flag Telecom Nederland BV, 100 Euro per Share	**10,56,827**	9,96,005
	50,000 (50,000) Reliance Globalcom Limited, India of Rs.10 per Share	**2,48,79,112**	2,34,47,272
	Total	**46,97,93,260**	44,27,55,777
2.05	**Other financial asset**		
	i) Non-current		
	Accrued income	**9,04,80,037**	-
	Deposits	**-**	47,59,699
	Total	**9,04,80,037**	47,59,699
	ii) Current		
	Advances to related parties	**52,45,07,45,841**	44,59,64,19,019
	Accrued income	**16,10,88,876**	6,04,63,699
	Deposits	**56,673**	-
	Total	**52,61,18,91,390**	**44,65,68,82,718**
2.06	**Income tax asset (net)**		
	Income tax asset	**1,55,28,247**	1,03,64,279
	Total	**1,55,28,247**	1,03,64,279
2.07	**Other non-current assets**		
	Prepaid expenses	**10,26,06,33,110**	9,73,31,29,458
	Total	**10,26,06,33,110**	9,73,31,29,458
2.08	**Trade receivables**		
	Unsecured		
	Considered good	**4,79,34,14,328**	5,23,97,22,911
	Considered doubtful	**91,27,63,416**	50,53,48,232
		5,70,61,77,744	5,74,50,71,143
	Less: Impairment of trade receivables*	**91,27,63,416**	50,53,48,232
	Less: Provision for credit notes	**47,68,95,522**	49,94,08,572
	Total	**4,31,65,18,806**	4,74,03,14,339

* Impairment of trade receivables includes $1,895,926 (converted in ₹ at closing rate of 1$ = ₹69.155 as on 31.03.2019) relating to Rcom and its subsidiaries

	Particulars	As at March 31, 2019	As at March 31, 2018
2.09	**Cash and cash equivalents**		
	Balance with banks		
	- Current accounts	**2,89,29,19,194**	63,67,71,404
	Total	**2,89,29,19,194**	63,67,71,404
2.10	**Other current assets**		
	Prepaid expenses	**29,57,35,938**	25,79,96,446
	Advance for supply of goods and rendering of services	**32,75,07,234**	27,11,27,880
	Balances with Government authorities	**1,77,90,417**	5,92,61,740
	Total	**64,10,33,589**	58,83,86,066

2.11 Equity

Share capital

Amount in ₹

	As at March 31, 2019	As at March 31, 2018
Authorised		
42,677,200,000 Common Shares of US $ 0.01 each	**29,51,34,17,660**	27,81,48,65,100
Issued, subscribed & fully paid up		
31,605,515,300 Common Shares of US $ 0.01 each	**21,85,67,94,101**	20,59,88,94,592
Total	**21,85,67,94,101**	20,59,88,94,592

i. Movement in share capital

	No. of Shares	Amount in ₹
As at April 1, 2017	**31,60,55,15,300**	20,49,61,76,668
Issued during the year	**-**	-
Foreign Exchange Movement	**-**	10,27,17,924
As at March 31, 2018	**31,60,55,15,300**	20,59,88,94,592
Issued during the year	**-**	-
Foreign Exchange Movement	**-**	1,25,78,99,509
As at March 31, 2019	**31,60,55,15,300**	21,85,67,94,101

ii. Rights, preferences and restriction attached to the shares

The Company has only Class A Common Shares having a par value of US$ 1 each. Each holder of shares is entitled to one vote per share. In the event of liquidation of the Company, the holder of shares will be entitled to receive remaining assets of the Company. The distribution will be in proportion to the number of shares held by the shareholder.

In financial year 2014-15, GCX Limited had issued "7% Senior Secured Notes 2019" of US$ 350,000,000. These Notes are guaranteed by RGL and its material subsidiaries (together referred as 'Subsidiary Guarantors') and these Notes are secured by way of a pledge of equity shares of Subsidiary Guarantors.

iii. Shares of the company held by holding/ultimate holding company

	As at March 31, 2019	As at March 31, 2018
a) GCX Limited, Bermuda, (immediate holding company)	**31,60,43,15,300**	31,60,43,15,300
b) Reliance Communications Limited, (the ultimate holding company)	**12,00,000**	12,00,000
	31,60,55,15,300	31,60,55,15,300

iv. Details of shareholders holding more than 5% shares in the Company

		As at March 31, 2019	As at March 31, 2018
Class A Common Shares			
i) GCX Limited, Bermuda			
	No. of Shares	**31,60,43,15,300**	31,60,43,15,300
	Shareholding %	**99.996%**	99.996%

Other equity

	As at March 31, 2019	As at March 31, 2018
Share premium	**17,82,65,44,514**	17,82,65,44,514
Retained earnings	**21,81,32,20,338**	20,27,01,65,830
Capital reserves	**3,79,64,30,519**	3,79,64,30,519
Other reserves	**1,78,40,34,751**	(71,38,39,875)
	45,22,02,30,122	41,17,93,00,988

a) Share premium

	As at March 31, 2019	As at March 31, 2018
Opening balance	**17,82,65,44,514**	17,73,76,51,095
Foreign Exchange Movement	**-**	8,88,93,419
Closing balance	**17,82,65,44,514**	17,82,65,44,514

b) Retained earnings

	As at March 31, 2019	As at March 31, 2018
Opening balance	**20,27,01,65,830**	19,12,79,13,836
Net Profit / (Loss) for the year	**1,54,30,54,508**	1,14,22,51,994
Closing balance	**21,81,32,20,338**	20,27,01,65,830

Retained earnings represent the amount of accumulated earnings at each Balance Sheet date, prepared in accordance with the basis of preparation section.

c) Capital reserves

	As at March 31, 2019	As at March 31, 2018
Opening balance	**3,79,64,30,519**	3,77,74,99,345
Foreign Exchange Movement	**-**	1,89,31,174
Closing balance	**3,79,64,30,519**	3,79,64,30,519

d) Other reserves

Foreign Exchange Translation Reserve

	As at March 31, 2019	As at March 31, 2018
Opening balance	**(71,38,39,875)**	(81,85,19,520)
Currency translation differences during the year	**2,49,78,74,626**	10,46,79,645
Closing balance	**1,78,40,34,751**	(71,38,39,875)

Amount in ₹

	Particulars	As at March 31, 2019	As at March 31, 2018
2.12	**Provision**		
	i) Non-current		
	Provision for post retirement obligation	**2,89,39,499**	2,75,58,941
	Asset retirement obligation	**1,49,83,74,395**	1,38,70,79,502
	Total	**1,52,73,13,894**	1,41,46,38,443
2.13	**Other non-current liabilities**		
	Deferred revenue	**28,29,85,55,617**	27,07,34,99,968
	Total	**28,29,85,55,617**	27,07,34,99,968
2.14	**Borrowings**		
	Loan from related parties	**1,84,92,77,324**	2,36,64,96,488
	Total	**1,84,92,77,324**	2,36,64,96,488
2.15	**Trade payables**		
	Trade payables	**1,53,82,74,573**	1,73,64,26,393
	Trade accruals	**2,24,61,54,470**	2,63,14,85,562
	Total	**3,78,44,29,043**	4,36,79,11,955
2.16	**Other financial liabilities**		
	Amount due to customer	**3,83,04,885**	-
	Capital creditors	**72,60,71,488**	53,07,06,789
	Due to related parties	**16,23,23,52,210**	13,41,19,76,678
	Total	**16,99,67,28,583**	13,94,26,83,467
2.17	**Other current liabilities**		
	Deferred revenue	**7,04,25,45,203**	5,84,65,38,496
	Employee payables	**2,35,93,301**	4,18,85,238
	Statutory liabilities	**6,20,454**	7,67,087
	Total	**7,06,67,58,958**	5,88,91,90,821

Amount in ₹

	Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
2.18	**Revenue from operations**		
	Indefeasible right of use	**6,19,07,66,009**	4,32,97,96,501
	Internet protocol	**19,41,55,456**	10,67,02,311
	Lease capacity services	**18,11,04,902**	12,08,63,579
	Operation and maintenance charges	**2,72,39,80,302**	2,32,32,86,141
	Restoration services	**3,48,48,698**	1,82,87,583
	Network service revenue	**3,72,93,92,712**	4,10,11,70,799
	Total	**13,05,42,48,079**	11,00,01,06,914
2.19	**Other income**		
	Interest Income	**29,38,810**	-
	Interest income received on income tax refund	**47,294**	2,58,93,240
	Gain on Foreign Exchange Fluctuation (Net)	**-**	8,08,00,632
	Provision/ Liabilities written back to the extent no longer required	**5,30,01,379**	9,21,30,504
	Miscellaneous income	**28,64,669**	16,58,374
	Total	**5,88,52,152**	20,04,82,750
2.20	**Network operation expenses**		
	Equipment maintenance and support	**16,58,81,052**	4,45,45,443
	Marine cable operations	**93,56,64,025**	1,13,48,43,729
	Landing stations and point of presence costs	**91,52,74,191**	92,84,20,969
	Terrestrial cable, inland amplifier and regenerator sites	**43,76,39,524**	44,75,00,828
	Local tails	**1,07,35,36,229**	36,01,17,667
	Internet protocol	**1,09,99,971**	25,95,689
	Network service cost	**1,45,46,26,431**	1,36,99,33,082
	Total	**4,99,36,21,423**	4,28,79,57,407
2.21	**Employee benefits expense**		
	Salaries, wages and bonus	**52,15,40,508**	48,68,09,977
	Contribution to Provident and other funds	**66,83,259**	64,36,642
	Staff welfare expenses	**1,09,36,017**	1,04,36,787
	Total	**53,91,59,784**	50,36,83,406
2.22	**Finance charges**		
	Interest on Asset retirement obligations	**2,68,83,611**	2,43,35,067
	Total	**2,68,83,611**	2,43,35,067
2.23	**Depreciation and amortization expense**		
	Depreciation on Tangible assets	**4,20,57,16,781**	3,87,17,26,916
	Amortisation of Intangible assets	**98,74,17,409**	90,02,39,865
	Total	**5,19,31,34,190**	4,77,19,66,781
2.24	**Other expenses**		
	Rent	**1,20,13,594**	1,17,73,955
	Insurance	**2,17,92,199**	1,85,18,640
	Rates and taxes	**64,58,232**	2,86,50,495
	Legal fees	**2,52,26,007**	82,05,401
	Professional charges	**4,60,79,635**	4,42,26,925
	Licensing and regulatory fees	**34,18,952**	30,25,308
	Travel and entertainment	**2,02,94,015**	1,55,12,448
	Communication	**41,52,650**	39,84,761
	Information technology support	**16,33,37,738**	12,86,95,269
	Bank charges	**22,35,453**	25,77,414
	Allowance for doubtful debts	**38,27,61,295**	16,98,25,257
	Payment to auditors	**1,33,14,461**	1,25,55,341
	Selling and marketing	**84,09,464**	1,46,85,570
	Facility usage charges	**6,75,01,840**	5,88,76,142
	Net loss on foreign currency fluctuation	**3,16,59,014**	-
	Miscellaneous expense	**1,79,83,677**	62,16,892
	Total	**82,66,38,226**	52,73,29,818

2.25 Segment Reporting

The Company is being geared to provide the customers with a composite service tailored to their industry or their specific needs like cost optimization or increased speed of reach, which in-turn involves leveraging a combination of the assets and service capabilities of RGL Group. The Group CEO of RGL along with steering committee performs the function of Chief Operating Decision Maker ('CODM'). The company has a single operating segment, viz. Data Services Business. The Data Services Business of RGL Group provides an integrated service to its global customers.

The CODM reviews the segment results at a combined level for all regions and businesses, when assessing the RGL Group's overall performance and deciding the manner in which to allocate resources.

Further, when a composite service is offered to a customer, while the billing may be done in one jurisdiction the services in-turn would be sought or assets used would be from different legal entities within the Company domiciled in different geographies. Therefore, it is impracticable to meaningfully disclose service revenue by geographical locations.

2.26 Earnings Per Share

Amount in ₹ except number of shares

Particulars		**For the year ended March 31, 2019**	For the year ended March 31, 2018
A	Profit / (Loss) for the year attributable to shareholders	**1,54,30,54,508**	1,14,22,51,994
B	Weighted average number of share of USD 1 each used as denominator for calculating Basic and Diluted EPS	**31,60,55,15,300**	31,60,55,15,300
C	Basic and Diluted Earnings per Share (A/B)	**0.05**	0.04

2.27 Notes to Foreign Currency Translation Reserve

The amounts relating to Balance Sheet items appearing in Indian Rupees have been translated at Closing Rate of 1 USD = ₹ 69.155 (March 31, 2018 1 USD = ₹ 65.175) and items relating to profit and loss have been translated at average rate of 1 USD = ₹ 69.916 (Previous year 1 USD = ₹ 64.446).

The amounts have been converted in INR to comply with the financial reporting requirement in India.

2.28 Related Party Transactions

In accordance with Indian Accounting Standard 24 "Related Party Disclosures" issued by the Institute of Chartered Accountants of India, the company's related parties and transactions are disclosed below which are in ordinary course of business and at arms' length basis:

RELIANCE GLOBALCOM LIMITED

Notes forming part of the Financial Statements for the year ended March 31, 2019

List of related parties:

(a) Parent company

1 GCX Limited (Immediate parent)
2 Reliance Communications Ltd. (Ultimately parent)
3 Reliance Globalcom BV
4 Global Cloud Xchange Limited (Intermediary parent)

(b) Subsidiary

1 FLAG Telecom Singapore Pte. Limited
2 FLAG Telecom Asia Limited
3 Seoul Telenet Inc
4 FLAG Holdings (Taiwan) Limited
5 FLAG Telecom Taiwan Limited
6 FLAG Atlantic UK Limited
7 Reliance FLAG Atlantic France SAS
8 FLAG Telecom Deutschland Gmbh
9 Reliance Globalcom (U.K.) Limited
10 FLAG Telecom Development Limited
11 FLAG Telecom Development Services Company LLC
12 FLAG Telecom Nederland BV
13 Reliance Globalcom Limited (India)
14 Reliance FLAG Telecom Ireland DAC
15 FLAG Telecom Network Services DAC
16 FLAG Telecom Ireland Network DAC
17 FLAG Telecom Japan Limited
18 FLAG Telecom Network USA Limited
19 FLAG Telecom Espana Network SAU
20 FLAG Telecom Hellas AE

(c) Enterprises as affiliated companies are

1 GCX Limited
2 Reliance Communications Limited
3 Reliance Communications UK Limited
4 Reliance Communications Inc
5 Reliance Communications International Inc
6 FLAG Telecom Asia Limited (including Representative offices in China)
7 FLAG Telecom Japan Limited
8 FLAG Telecom Singapore Pte. Limited
9 Seoul Telenet Inc.
10 FLAG Holdings (Taiwan) Limited
11 FLAG Telecom Taiwan Limited
12 Reliance Globalcom (U.K.) Limited
13 FLAG Telecom Deutschland GmbH
14 FLAG Telecom Network Services DAC
15 Reliance FLAG Telecom Ireland DAC
16 FLAG Telecom Ireland Network DAC
17 FLAG Atlantic UK Limited
18 Reliance FLAG Atlantic France SAS
19 Global Cloud Exchange Limited
20 FLAG Telecom Nederland BV

21 FLAG Telecom Hellas AE
22 FLAG Telecom Espana Network SAU
23 FLAG Telecom Development Services Company LLC
24 FLAG Telecom Network USA Limited
25 FLAG Telecom Group Services Limited
26 FLAG Telecom Development Limited
27 Reliance Globalcom Services Inc
28 Vanco UK Limited
29 Reliance Globalcom Limited (India)
30 Vanco BV
31 Vanco SRL
32 Reliance Vanco Group Limited
33 Euronet Spain SA
34 Vanco US LLC
35 Vanco Sweden AB
36 Vanco Australasia Pty Limited
37 Vanco Asia Pacific Pte Limited
38 Vanco Japan KK
39 Vanco GmbH
40 Vanco SAS
41 Vanco N.V.
42 Vanco South America Ltd

Amount in ₹

(d) Sales of services

Particulars	**For the year ended March 31, 2019**	For the year ended March 31, 2018
Service Revenue		
Parent company	23,69,24,004	19,33,380
Subsidiary company	3,72,93,92,712	4,10,11,70,799
Fellow subsidiaries	4,17,22,745	4,02,64,399
Total	**4,00,80,39,461**	**4,14,33,68,578**

Particulars	**For the year ended March 31, 2019**	For the year ended March 31, 2018
Other Income		
Parent company	29,31,490	-
Total	**29,31,490**	**-**

Notes forming part of the Financial Statements for the year ended March 31, 2019

(e) Purchases of services

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Network Operating Expenses		
Parent company	4,30,84,046	2,41,20,826
Subsidiary company	1,45,93,60,752	1,36,99,33,082
Fellow subsidiaries	-	-
Total	**1,50,24,44,798**	**1,39,40,53,908**

Purchases of services are negotiated with related parties on a cost-plus basis and are determined on the basis of market price.

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Employee benefits expense		
Parent company	-	-
Subsidiary company	39,57,33,930	32,59,46,746
Fellow subsidiaries	-	-
Total	**39,57,33,930**	**32,59,46,746**

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Other expenses		
Parent company	75,50,928	69,60,168
Subsidiary company	20,03,46,511	16,91,70,750
Fellow subsidiaries	53,14,305	-
Total	**21,32,11,744**	**17,61,30,918**

(f) Year-end balances arising from sales/purchases of services

Particulars	As at March 31, 2019	As at March 31, 2018
Trade Receivables		
Parent company	3,66,87,350	-
Fellow subsidiaries	39,61,88,343	33,44,93,433
	43,28,75,693	**33,44,93,433**
Less : Impairment of trade receivables*	(13,11,12,763)	-
Total	**30,17,62,930**	**33,44,93,433**

The receivables from related parties arise mainly from sales transactions and are due 1-2 months after the date of sales. The receivables are unsecured in nature and bear no interest. No provisions are held against receivables from related parties.

*Impairment of trade receivables is created for Rcom and its subsidiaries

RELIANCE GLOBALCOM LIMITED

Notes forming part of the Financial Statements for the year ended March 31, 2019

Particulars	**As at March 31, 2019**	**As at March 31, 2018**
Advance from related parties		
Parent company	-	44,39,808
Subsidiary company	52,11,37,38,485	44,56,33,55,424
Fellow subsidiaries	33,70,07,356	2,86,23,787
Total	**52,45,07,45,841**	**44,59,64,19,019**

Particulars	**As at March 31, 2019**	**As at March 31, 2018**
Other assets		
Parent company	20,05,57,439	-
Subsidiary company	-	-
Fellow subsidiaries	-	-
Total	**20,05,57,439**	**-**

Amount in ₹

Particulars	**As at March 31, 2019**	**As at March 31, 2018**
Advances to vendors		
Parent company	32,78,89,698	27,11,07,832
Subsidiary company	-	-
Fellow subsidiaries	-	-
Total	**32,78,89,698**	**27,11,07,832**

Particulars	**As at March 31, 2019**	**As at March 31, 2018**
Trade Payables		
Parent company	3,25,32,586	-
Subsidiary company	25,11,81,451	12,70,97,219
Fellow subsidiaries	1,58,62,535	-
Total	**29,95,76,572**	**12,70,97,219**

The payables to related parties arise mainly from purchase transactions and are due 1-2 months after the date of purchases. The payables bear no interest.

Particulars	**As at March 31, 2019**	**As at March 31, 2018**
Payable towards capital expenditure		
Parent company	29,35,55,607	-
Subsidiary company	-	-
Fellow subsidiaries	1,04,13,002	-
Total	**30,39,68,609**	**-**

Particulars	As at March 31, 2019	As at March 31, 2018
Due to related parties		
Parent company	1,40,845	-
Subsidiary company	16,21,59,99,786	13,39,83,08,808
Fellow subsidiaries	1,62,11,579	1,36,67,870
Total	**16,23,23,52,210**	**13,41,19,76,678**

(g) Loans from related parties

Loans from parent company:

Particulars	As at March 31, 2019	As at March 31, 2018
At April 1	1,73,15,40,682	5,43,20,35,139
Loans taken during the year	-	
Assignment / Reclassification made during the period	-	-
Loans repaid during the year	(46,62,27,110)	(3,70,04,94,457)
As at March 31	**1,26,53,13,572**	**1,73,15,40,682**

Loans from fellow subsidiary:

Particulars	As at March 31, 2019	As at March 31, 2018
At April 1	63,49,55,806	34,98,54,177
Loans taken during the year		28,51,01,629
Assignment / Reclassification made during the period		-
Loans repaid during the year	(5,09,92,054)	-
As at March 31	**58,39,63,752**	**63,49,55,806**

2.29 The previous year's figures have been regrouped and reclassified wherever necessary.

For Shridhar & Associates
Chartered Accountants
Firm Registration No. : 134427W

For Reliance Globalcom Limited

Jitendra Sawjiany	**Janet Troxell**	**Janice Gutteridge**
Partner	Director	Director
Membership No :050980		
Place: Mumbai	Place:	Place:
Date: 22nd May 2019	Date: 21st May 2019	Date: 21st May 2019

Independent Auditors' Report

To the Board of Directors of FLAG Telecom Asia Limited

Report on the Ind AS Financial Statements

Opinion

We have audited the accompanying standalone Ind AS financial statements of **FLAG Telecom Asia Limited** ("the Company"), which comprise the Balance Sheet as at 31^{st} March, 2019, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the 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 standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the state of affairs of the Company as at 31st March, 2019, and its profit/loss (including 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 in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013 ("the Act"). Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Ind AS 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 together with the ethical requirements that are relevant to our audit of the Ind AS financial statements 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 Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information Other than the Standalone Financial Statements and auditor's Report Thereon

Our opinion on the Ind AS 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 standalone Ind AS financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Ind AS financial statements or our knowledge obtained in the 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.

This report is issued for the information and use of the Board of directors of the Company and of Reliance Communications Limited, the holding company in India to comply with the financial reporting requirements in India and should not be used for any other purposes without our prior written consent.

Management's Responsibility for the Ind AS financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards ('Ind AS'), prescribed under section 133 of the Companies Act, 2013 ("the Act") read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015, the Companies (Indian Accounting Standards) Amendment Rules, 2016 and other provisions of the Act, to the extent notified and applicable as well as applicable guidance notes and pronouncements of the Institute of Chartered Accountants of India (the ICAI).

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 standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Audit of the Ind AS Financial Statements

Our responsibility is to express an opinion on these standalone Ind AS financial statements based on our audit.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the standalone Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the company has in place and adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the

reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the standalone Ind AS financial statements.

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.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone Ind AS financial statements.

For Shridhar& Associates
Chartered Accountants
Firm Registration No.134427W

Jitendra Sawjiany
Partner
Membership No.050980

Place: Mumbai
Date: 22nd May 2019

FLAG TELECOM ASIA LIMITED
Balance Sheet as at March 31,2019

Amount in INR

Particulars	Note	As at March 31,2019	As at March 31, 2018
ASSETS			
Non-current assets			
Property, plant and equipment	**2.01**	**1,14,19,81,145**	1,12,42,01,734
Capital work-in-progress	**2.02**		2,93,288
Other intangible assets	**2.03**	**2,09,62,042**	2,23,54,215
Financial assets			
Other Financial assets	**2.04**	**2,23,20,808**	1,31,04,868
Other Non-current assets	**2.05**	**-**	-
Total Non-current assets		**1,18,52,63,995**	1,15,99,54,105
Current assets			
Financial assets			
Trade receivables	**2.06**	**3,49,229**	59,813
Cash and cash equivalents	**2.07**	**57,70,816**	79,07,860
Other Financial assets	**2.08**	**4,09,60,48,491**	2,93,46,32,563
Other Current assets	**2.09**	**4,43,34,397**	4,22,10,986
Total Current assets		**4,14,65,02,933**	2,98,48,11,222
Total Assets		**5,33,17,66,928**	4,14,47,65,327
EQUITY AND LIABILITIES			
Share Capital			
Equity share capital	**2.10**	**6,95,967**	6,55,913
Other Equity	**2.10**	**1,32,43,18,839**	1,22,72,14,369
Total equity		**1,32,50,14,806**	1,22,78,70,282
LIABILITIES			
Non-current liabilities			
Deferred tax liabilities (net)	**2.11**	**6,34,37,823**	5,50,22,109
Total Non-current liabilities		**6,34,37,823**	5,50,22,109
Current liabilities			
Financial liabilities			
Trade payables	**2.12**	**7,87,90,998**	18,41,02,490
Other Financial liabilities	**2.13**	**3,80,76,76,531**	2,61,73,56,332
Income tax liabilities (net)	**2.14**	**6,22,212**	6,13,904
Other Current liabilities	**2.15**	**5,62,24,558**	5,98,00,210
Total Current liabilities		**3,94,33,14,299**	2,86,18,72,936
Total Liabilities		**4,00,67,52,122**	2,91,68,95,045
Total Equity and Liabilities		**5,33,17,66,928**	4,14,47,65,327

Basis of preparation **1**
Notes on Accounts **2**
The Notes referred to above form an integral part of the Financial Statements.

As per our report of even date attached

For Shridhar & Associates
Chartered Accountants
Firm Registration No.: 134427W

Jitendra Sawjiany
Partner
Membership No. 050980

Place: Mumbai
Date: 22nd May 2019

For Flag Telecom Asia Limited

Girish Kulai
Director

Place: Mumbai
Date: 21st May 2019

FLAG TELECOM ASIA LIMITED
Statement of Profit and loss for the year ended March 31,2019

Particulars	Note	For the year ended March 31,2019	Amount in INR For the year ended March 31, 2018
INCOME			
Revenue from operations	**2.16**	**1,22,46,45,328**	1,13,63,05,605
Other income	**2.17**	**2,32,32,807**	7,93,520
Total Income		**1,24,78,78,135**	1,13,70,99,125
EXPENSES			
Network operation expenses	**2.18**	**44,51,81,078**	32,77,90,117
Employee benefits expense	**2.19**	**49,61,72,753**	47,90,87,101
Finance Charges			
Depreciation and amortization expense	**2.20**	**10,19,69,183**	8,73,47,070
Other expenses	**2.21**	**17,66,63,775**	17,68,43,933
Total Expenses		**1,21,99,86,789**	1,07,10,68,221
Profit / (Loss) before tax		**2,78,91,346**	6,60,30,904
Tax Expense			
-Current Tax		**3,73,124**	5,80,139
-Deferred Tax		**51,11,349**	4,49,07,520
Net profit / (loss) for the year		**2,24,06,873**	2,05,43,245
Other comprehensive income			
Items that may be subsequently reclassified to statement of profit or loss		**7,46,97,597**	62,48,381
Currency translation difference			
Total other comprehensive income for the year		**7,46,97,597**	62,48,381
Total Comprehensive Income for the year		**9,71,04,470**	2,67,91,626
		-	-
Earnings / (Loss) per share of each fully paid up			
- Basic and diluted earnings / (loss) per share	**2.23**	**287**	263
Basis of preparation	**1**		
Notes on Accounts	**2**		

The Notes referred to above form an integral part of the Financial Statements.

As per our report of even date attached

For Shridhar & Associates
Chartered Accountants
Firm Registration No.: 134427W

For Flag Telecom Asia Limited

Jitendra Sawjiany

Girish Kulai

FLAG TELECOM ASIA LIMITED
Statement of Cash flows for the year ended March 31, 2019

Particulars	For the year ended March 31, 2019	Amount in INR For the year ended March 31, 2018
A) CASH FLOW FROM OPERATING ACTIVITIES:		
Profit/(Loss) before tax	**2,78,91,346**	6,60,30,904
Adjustments for:		
Depreciation and amortisation expense	**10,19,69,183**	8,73,47,070
Effects of exchange difference on translation of asset & liabilities	**41,19,994**	(7,38,412)
Interest Income	**(3,296)**	(3,235)
	13,39,77,227	15,26,36,327
Changes in working capital		
Decrease/(Increase) in other non-current assets	**-**	2,25,14,046
Decrease/(Increase) in non-current financial assets	**(92,15,940)**	(65,356)
Decrease/(Increase) in trade receivables	**(2,89,416)**	18,48,712
Decrease/(Increase) in other current assets	**(21,23,411)**	(3,14,73,168)
Decrease /(Increase) in current financial assets	**(1,16,14,15,928)**	(1,19,00,02,697)
(Decrease) in other non-current liabilities	**-**	
Increase /(Decrease) in trade payables	**(10,53,11,492)**	(1,64,65,367)
Increase /(Decrease) in other financial liabilites	**1,19,03,20,199**	1,31,45,62,619
Increase /(Decrease) in other current liabilities	**(35,75,652)**	3,51,73,348
	(9,16,11,640)	13,60,92,137
Cash generated from / (used in) operations	**4,23,65,587**	28,87,28,464
Income Tax (Paid) / Refund	**29,39,549**	3,62,342
Net cash generated from / (used in) operating activities (A)	**4,53,05,136**	28,90,90,806
B) CASH FLOW FROM INVESTING ACTIVITIES:		
Purchase of property, plant and equipment and intangible assets (including capital work-in-progress)	**(4,74,45,476)**	(29,06,57,769)
Interest received	**3,296**	3,235
Loan from / (to) related party		-
Net cash (used in) / generated from investing activities (B)	**(4,74,42,180)**	(29,06,54,534)
C) CASH FLOW FROM FINANCING ACTIVITIES:		
Interest Paid	**-**	-
Issue of Equity Share	**-**	-
Redemption of 4% Preference shares	**-**	-
Redemption of 5% Preference shares	**-**	-
Issue of of 4%Preference shares	**-**	-
Loan given	**-**	-
Loan taken/ (repayment)		
Short Term Borrowing from bank	**-**	-
Application money pending allotement	**-**	-
Net cash generated from/ (used in) financing activities (C)	**-**	-
Net (Decrease) in cash and cash equivalents (A+B+C)	**(21,37,044)**	(15,63,729)
Cash and cash equivalents at the beginning of the year	**79,07,860**	94,71,589
Cash and cash equivalents at the end of the year (refer Note 2.07)	**57,70,816**	79,07,860

As per our report of even date attached

For Shridhar & Associates
Chartered Accountants
Firm Registration No.: 134427W

For Flag Telecom Asia Limited

Jitendra Sawjiany
Partner
Membership No. 050980

Girish Kulai
Director

Place: Mumbai
Date: 22nd May 2019

Place:
Date: 21st May 2019

FLAG TELECOM ASIA LIMITED
Statement of changes in equity for the year ended March 31, 2019

Statement of Changes in Equity

Amount in INR

Particulars	Share capital	Reserves and Surplus	Other Comprehensive Income	Total Other Equity	Equity Atributable to Shareholders
		Retained Earnings	Exchange Fluctuation Reserve*		
Balance as at 01.04.2017	6,52,642	1,16,33,60,803	**3,70,61,940**	1,20,04,22,743	1,20,10,75,385
Net Loss for the year		2,05,43,245		2,05,43,245	2,05,43,245
Exchange variance	3,271		**62,48,381**	62,48,381	62,51,652
					-
Balance as at 31.03.2018	**6,55,913**	**1,18,39,04,048**	**4,33,10,321**	**1,22,72,14,369**	**1,22,78,70,282**
					-
Surplus/ (Deficit) of Statement of Profit and Loss		2,24,06,873		2,24,06,873	2,24,06,873
Movement in FCMITDA				-	-
Exchange variance	40,054		**7,46,97,597**	7,46,97,597	7,47,37,651
					-
Balance as at 31.03.2019	**6,95,967**	**1,20,63,10,921**	**11,80,07,918**	**1,32,43,18,839**	**1,32,50,14,806**

As per our report of even date attached

For Shridhar & Associates
Chartered Accountants
Firm Registration No.: 134427W

For Flag Telecom Asia Limited

Jitendra Sawjiany
Partner
Membership No. 050980

Girish Kulai
Director

Place: Mumbai
Date: 22nd May 2019

Place: Mumbai
Date: 21st May 2019

FLAG TELECOM ASIA LIMITED
Notes to the Financial Statements

2.01 Property, plant and equipment

Particulars	Leasehold improvements	Network Assets
Gross carrying value		
As at April 1, 2018	2,81,46,932	2,18,77,63,656
Additions	21	4,00,51,272
Disposals		
Exchange differences	17,18,830	13,31,62,826
As at March 31, 2019	**2,98,65,783**	**2,36,09,77,754**
Accumulated depreciation		
As at April 1, 2018	2,81,46,932	1,06,43,00,985
Depreciation		9,22,42,025
Disposal / adjustments		
Exchange differences	17,18,851	6,39,88,978
As at March 31, 2019	**2,98,65,783**	**1,22,05,31,988**
Closing net carrying value As at March 31, 2019	**-**	**1,14,04,45,766**
Gross carrying value as at March 31,2019	2,98,65,783	2,36,09,77,754
Accumulated depreciation	2,98,65,783	1,22,05,31,988
Closing net carrying value As at March 31, 2019	**-**	**1,14,04,45,766**

Particulars	Leasehold	Network Assets
Gross carrying value		
As at April 1, 2017	2,80,06,575	1,88,48,55,614
Additions	-	29,01,79,515
Disposals	-	-
Currency translation difference	1,40,357	1,27,28,527
As at March 31, 2018	**2,81,46,932**	**2,18,77,63,656**
Accumulated depreciation		
As at April 1, 2017	2,80,06,575	98,03,06,780
Depreciation	-	7,81,96,786
Disposal / adjustments	-	-
Currency translation difference	1,40,357	57,97,419
As at March 31, 2018	**2,81,46,932**	**1,06,43,00,985**
Closing net carrying value As at March 31, 2018	**-**	**1,12,34,62,671**
Gross carrying value as at Mar 31, 2017	2,81,46,932	2,18,77,63,656
Accumulated depreciation	(2,81,46,932)	(1,06,43,00,985)
Closing net carrying value As at March 31, 2018	**-**	**1,12,34,62,671**

FLAG TELECOM ASIA LIMITED
Notes to the Financial Statements

2.02 Capital Work-in-Progress

Amount in INR

	As at March 31,2019	As at March 31, 2018
Balance at the beginning of the year		-
Additions during the year	-	2,93,288
Less: Capitalised during the year		
Property, Plant and Equipment (refer note 2.01)	-	
Balance at the closing of the year	**-**	**2,93,288**

FLAG TELECOM ASIA LIMITED

Notes to the Financial Statements

2.03 Other intangible assets

Particulars	Indefeasible Right of Connectivity	Software
Gross carrying value		
As at April 1, 2018	14,05,12,036	16,43,096
Additions	62,41,202	-
Disposals		
Exhange diff	85,12,626	1,00,338
As at March 31,2019	**15,52,65,864**	**17,43,434**
As at April 1, 2018	11,94,32,429	3,68,488
Depreciation	8664842	3,63,965
Disposal / adjustments	-	-
Exhange diff	71,98,992	18,540
As at March 31,2019	**13,52,96,263**	**7,50,993**
Closing net carrying value as at March 31,2019	**1,99,69,601**	**9,92,441**
Gross carrying value As at March 31, 2018	15,52,65,864	17,43,434
Accumulated depreciation	13,52,96,263	7,50,993
Closing net carrying value as at March 31,2019	**1,99,69,601**	**9,92,441**

Particulars	Indefeasible Right of Use	Software
Gross carrying value		
As at March 31, 2017	13,98,11,364	16,34,902
Additions	-	-
Disposals	-	-
Currency translation difference	7,00,672	8,194
As at March 31 2018	**14,05,12,036**	**16,43,096**
As at March 31, 2017	11,09,97,912	1,002
Depreciation	77,90,125	3,63,371
Disposal / adjustments		
Currency translation difference	6,44,392	4,115
As at March 31 2018	**11,94,32,429**	**3,68,488**
Closing net carrying value as at March 31 2018	**2,10,79,607**	**12,74,608**
Gross carrying value As at March 31 2017	14,05,12,036	16,43,096
Accumulated depreciation	(11,94,32,429)	(3,68,488)
Closing net carrying value As at March 31 2018	**2,10,79,607**	**12,74,608**

		As at March 31,2019	As at March 31, 2018
2.04	**Other Financial assets**		
	Non-current		
	Deposits with banks	-	
	Deposits		
	-Rental deposits	2,23,20,808	1,31,04,868
	Total	2,23,20,808	1,31,04,868
2.05	**Other Non-current assets**		
	Prepaid expenses	-	-
	Total	-	-
2.06	**Trade receivables**		
	Current		
	Unsecured		
	Considered Good	3,49,229	59,813
	Considered Doubtful	-	-
		3,49,229	59,813
	Less: Allowance for doubtful debts		-
	Less: Provision for credit notes	-	-
	Total	3,49,229	59,813
2.07	**Cash and cash equivalents**		
	Cash on hand	54,006	50,898
	Balance with Banks		
	- Current Accounts	57,16,810	78,56,962
	Total	57,70,816	79,07,860
2.08	**Other Financial assets**		
	Current		
	Deposits	1,09,16,112	1,74,03,232
	Advances to related parties	4,08,51,32,379	2,91,72,29,331
	Total	4,09,60,48,491	2,93,46,32,563
2.09	**Other Current assets**		
	Prepaid expenses	4,36,54,832	4,14,19,843
	Advance for supply of goods and rendering of services	6,79,565	7,91,143
	Total	4,43,34,397	4,22,10,986

2.10 Equity
Share capital

	As at March 31,2019	As at March 31, 2018
Authorised	6,55,913	6,55,913
Issued, subscribed & fully paid up (HKD 1 per share)	6,95,967	6,55,913
Total	6,95,967	6,55,913

FLAG TELECOM ASIA LIMITED .
Notes to the Financial Statements

	For the year ended March 31,2019	Amount in INR For the year ended March 31, 2018
2.16 Revenue from operations		
Lease capacity services	**2,56,828**	2,37,893
Restoration Charges		
Internet protocol	**24,30,002**	7,08,906
Network service revenue	**1,22,19,58,498**	1,13,53,58,806
	1,22,46,45,328	1,13,63,05,605

2.17 Other income		
Interest income	**3,296**	3,235
Gain on Foreign Exchange Fluctuation (Net)	**19,72,546**	-
Provision/ Liabilities written back to the extent no longer required	**2,12,56,965**	7,90,285
Miscellaneous income	**-**	-
	2,32,32,807	7,93,520

2.18 Network operation expenses		
Equipment maintenance and support	**38,73,708**	-
Landing stations and point of presence costs	**11,86,51,069**	9,37,07,578
Terrestrial cable, inland amplifier and regenerator sites	**2,11,29,854**	6,54,96,454
Local tails	**29,91,15,587**	15,81,43,557
Restoration	**-**	-
Internet protocol	**24,10,860**	1,04,42,528
	44,51,81,078	32,77,90,117

2.19 Employee benefits expense		
Salaries, wages and bonus	**43,28,86,619**	40,40,28,068
Contribution to Provident and other funds	**1,82,28,254**	1,44,96,379
Staff welfare expenses	**4,50,57,880**	6,05,62,654
	49,61,72,753	47,90,87,101

2.20 Depreciation and amortization expense		
Depreciation on Tangible assets	**9,33,04,341**	7,95,56,945
Less:recoupment from revaluation reserve	**-**	-
Net Depreciation on tangible assets	**9,33,04,341**	7,95,56,945
Amortisation of Intangible assets	**86,64,842**	77,90,125
	10,19,69,183	8,73,47,070

1.01 General Information

The principal activities of FLAG Telecom Asia Limited (the "Company") are providing of telecommunication services, sales and marketing support services to its fellow subsidiaries and an intermediate holding company, and the operation of a fiber optic telecommunications network in Hong Kong.

1.02 SIGNIFICANT ACCOUNTING POLICIES

a) Basis of Preparation of Financial Statements

The financial statements are prepared under historical cost convention in accordance with generally accepted accounting principles (GAAP) in India and in compliance with the Indian Accounting Standards (Ind AS) specified under section 133 to the Companies Act, 2013 read with Companies (Indian Accounting Standard) Rules, 2015 as notified/ amended by Ministry of Corporate Affairs, Government of India.

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle. Based on the nature of the services and their realization in cash and cash equivalents, the Company has ascertained its operating cycle as twelve months for the purpose of current – non-current classification of assets and liabilities.

Financial Statements have been prepared on a going concern basis.

The Company has applied the following standards and amendments for the first time for their annual reporting period commencing April 1, 2018:

- Ind AS 115 Revenue from Contracts with Customers
- Amendment to Ind AS 21- Foreign Currency Transactions and Advance Consideration

The adoption of the above new standards, amendment and interpretation did not have material impact on these financial statements. There are no other Ind AS amendments that are effective that would be expected to have a material impact on the Company's Financial Statements.

Standards and amendments issued and not yet effective

The following standards and amendments, which were in issue but not yet effective and have not been early adopted by the Company.

Ind AS 116 - Leases

Ind AS 116 is applicable from annual periods beginning on or after April 1, 2019. It will replace previous lease standard Ind AS 17. Ind AS 116 sets out the principles for recognition, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to accounting for finance leases under Ind AS 17. The standard includes two recognition exemption for leases: leases of 'low-value' assets and short-term leases. At the commencement date of a lease, a lessee will recognise a liabilityto make lease payments and an asset representing right to use the underlying asset during the lease term. Lessor accounting under Ind AS 16 is substantially unchanged from today's accounting under Ind AS 17.

Appendix C to Ind AS 112 -'Uncertainty over Income tax treatments'

This Appendix explains how to recognize and measure deferred and current tax assets and liabilities where there is uncertainty over a tax treatment. It provides a framework to consider,

recognize and measure the accounting impact of tax uncertainties. This Appendix is applicable for annual periods beginning on or after April 1, 2019.

The company is evaluating the impact of the new standard and amendment on the financial position and results of operation. There are no other standards that are not yet effective and that
would be expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions

b) Foreign Currency

i) Foreign Currency Transactions

Initial Recognition

On initial recognition, all foreign currency transactions are recorded by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

Subsequent Recognition

As at the reporting date, non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction. All non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined. All monetary assets and liabilities in foreign currency are restated at the end of accounting period. The resulting foreign exchange gains and losses are recognized in the Statement of Profit and loss on a net basis.

ii) Translation into Presentation Currency

The financial statements are translated into presentation currency which is Indian Rupees. Foreign exchange gains and losses resulting from translation into presentation currency are recognized in Other Comprehensive Income

c) Property, plant and equipment

<u>Recognition and measurement</u>

Property, plant and equipment consists of network assets, leasehold improvements, computers and office equipment, vehicles, furniture and fittings.
Property, plant and equipment are stated at cost, net of accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the assets.

<u>Subsequent expenditure</u>

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the Statement of Profit and Loss during the financial period in which they are incurred.

Depreciation

Depreciation on all assets is calculated so as to write-down the cost of property, plant and equipment to its residual value over its estimated useful life. Estimated useful lives, residual values and depreciation methods are reviewed annually, taking into account commercial and technological obsolescence as well as normal wear and tear.

Depreciation is recorded on a straight-line basis over the estimated useful lives of the property, plant and equipment as follows:

Network assets...the shorter of 15 to 25 years or remaining useful lives
Leasehold improvements...............................over the period of lease
Computers and office equipment...................3 to 6 years
Vehicles…………………………………………5 years
Furniture and fittings…..................................3 to 7 years

The estimated useful lives of network assets are determined based on the estimated period over which they will generate revenue. Depreciation on any capitalisation due to modifications, improvements of the assets is restricted to the remaining useful life of the fixed asset.
Any gain or loss on disposal of an item of property, plant and equipment is recognised in statement of profit or loss.

Capital work in Progress

Costs incurred prior to the capital project's completion are reflected as capital-work-in-progress, which is transferred to property, plant and equipment at the date the project is complete. Capital-work-in-progress is stated at cost.

d) Intangible Assets

Indefeasible Right of Use (IRU)

IRU are amortised over their estimated useful lives of 5 to 25 years on straight line basis. The estimated useful life of IRUs is based on the contractual terms of the respective contracts.

Software and Licences

Acquired computer software licences are capitalized on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortized over their estimated useful lives of 3 to 5 years.

Costs that are directly associated with the production of identifiable and unique software products controlled by the entity and that will probably generate economic benefits exceeding costs beyond 1 year, are recognized as intangible assets.

Computer software development costs recognized as intangible assets and are amortized over their estimated useful lives, not exceeding 5 years.

Intangible Assets under Development

Intangible assets not ready for the intended use on the date of the Balance Sheet are disclosed as "intangible assets under development".

e) Impairment of Non-Financial assets

Non-financial assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non- financial assets that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

f) Financial Instruments

Financial instruments are recognised when the Company becomes a party to the contractual provisions of the instrument.

(a) Investments and other Financial Assets

(I) Classification
The Company classifies its financial assets in the following measurement categories:

a) those to be measured subsequently at fair value (either through other comprehensive income, or through Statement of profit and loss); and
b) those to be measured at amortised cost.

The classification depends on the Company's business model for managing the financial assets and the contractual terms of the cash flows.
For assets measured at fair value, gains and losses will either be recorded in Statement of profit and loss or other comprehensive income ('OCI').

(II) Measurement

At initial recognition, the Company measures a financial asset at its fair value. Transaction costs of financial assets carried at fair value through the statement of profit and loss are expensed in the statement of profit and loss.

(III) Derecognition of financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the assets expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of the transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

(IV) Impairment of financial assets

The Company recognizes loss allowances using the expected credit loss (ECL) model for the financial assets which are not fair valued through profit or loss. Loss allowance for trade receivables with no significant financing component is measured at an amount equal to lifetime ECL. For all other financial assets, expected credit losses are measured at an amount equal to the 12-month ECL, unless there has been a significant increase in credit risk from initial recognition in which case those are measured at lifetime ECL. The amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognised as an impairment gain or loss in statement of profit or loss.

(b) Financial Liabilities
The Company determines the classification of its financial liabilities at initial recognition.

(I) Classification
The financial liabilities are classified in the following measurement categories:

a) those to be measured as financial liabilities at fair value through profit or loss,
b) those to be measured at amortised cost.

(II) Initial recognition and measurement

Financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. Financial liabilities are initially measured at the amortised cost unless at initial recognition, they are classified as fair value through profit and loss.

(III) Subsequent measurement

Financial liabilities are subsequently measured at amortised cost using the effective interest rate method. Financial liabilities carried at fair value through profit or loss are measured at fair value with all changes in fair value recognised in the statement of profit and loss.

(IV) Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the Statement of profit and loss.

g) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counter party.

h) Trade receivables

Trade receivables are amounts due from customers for services performed in the ordinary course of business. If collection is expected in one year or less , they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at fair value. They are subsequently measured at amortised cost (net of allowance for impairment) using the effective interest method, if the effect of discounting is considered material.

i) Cash and Cash Equivalents

In the statement of cash flows, cash and cash equivalents include cash in hand, demand deposits with banks, other short-term highly liquid investments with original maturities of three months or less and that are readily convertible to known amount of cash and cash equivalent and bank overdrafts.

j) Share Capital

Ordinary Common Shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

k) Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified under current liabilities if payment is due within one year or less. If not, they are presented under non-current liabilities.
Trade payables are recognised initially at fair value and subsequently measured at amortised cost using effective interest rate method.

l) Provisions and Contingent Liabilities

Provisions are recognised when there is a present legal or constructive obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and there is a reliable estimate of the amount of the obligation. Provisions are measured at the best estimate of the expenditure required to settle the present obligation at the Balance Sheet date and are not discounted to its present value.

Contingent Liabilities: Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made.

m) Current and deferred Tax

Tax expense for the period, comprising current tax and deferred tax, are included in the determination of the net profit or loss for the period. Current tax is measured at the amount expected to be paid to the tax authorities in accordance with the taxation laws prevailing in the respective jurisdictions.
Deferred tax is recognized, using the liability method, for all the temporary differences, subject to the consideration of prudence in respect of deferred tax assets. Deferred tax assets are recognised and carried forward only to the extent that it is probable that sufficient future taxable income will be available against which such deferred tax assets can be realised. However, where there is unabsorbed depreciation or carry forward loss, the deferred tax asset is recognised and carried forward only to the extent that it is probable that the assets will be realised in future. Deferred tax assets and liabilities are measured using the tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date. At each Balance Sheet date, the Company re-assesses unrecognised deferred tax asset if any.

Current tax assets and current tax liabilities are offset when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle the asset and the liability on a net basis. Deferred tax assets and deferred tax liabilities are offset when there is a legally enforceable right to set off assets against liabilities representing current tax and where the deferred tax assets and the deferred tax liabilities relate to taxes on income levied by the same governing taxation laws.

n) Revenue Recognition

The Company has adopted Ind AS 115 Revenue from Contracts with Customers with a date of initial application of April 1, 2018. As a result, the Group has updated its accounting policy for revenue recognition as detailed below.

The Company has applied Ind AS 115 using the cumulative effect method and therefore the comparative information has not been restated and continues to be reported under Ind AS 18 .

Company recognizes revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and when specific criteria have been met for Company's activities as described below. Revenue is measured at the fair value of the consideration receivable and represents amount receivable for services rendered, net of taxes, expected variable consideration, price reductions and rebates. The company uses expected value method or most likely amount method to estimate the amount of variable consideration.

Where the contracts include multiple performance obligations, the transaction price will be allocated to each performance obligation based on the stand- alone selling prices. Where these are not directly observable, they are estimated based on market assessment approach.

Indefeasible Right of Use

The Company sells Right of Use (ROU) that provide customers with network capacity, typically over a 10 to 15 year period without transferring the legal title or giving an option to purchase the network capacity. Revenue from cancellable ROU arrangements are accounted as operating lease and recognized over the life of the contract.

Internet Protocol Services

The Company recognises internet protocol revenue over the term of the contract. Fees related to activation of services are deferred and recognised over the expected term of the related service agreement.

International Private Leased Circuits

International Private Leased Circuits include lease capacity services and restoration service for other network operators. The customer typically pays the charges for these services periodically over the life of the contract, which may be up to three years. Revenue is recognized in the Company's Statement of Profit and Loss over the term of the contract.

Operations and Maintenance Services

The Company provides operation and maintenance services over the life of the capacity contract, for which the Company receives Operation and Maintenance charges. Operation and maintenance charges are invoiced separately from capacity sales. Revenues relating to maintenance are recognized over the period in which the service is provided.

Network service revenue

Transfer pricing is based on provisions contained in Organization for Economic Co-operation & Development (the OECD guidelines).

Interest income

The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of a financial asset. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument but does not consider the expected credit losses. Interest income is recognised using the effective interest method.

o) Deferred Revenue

Deferred Revenue represents income billed in accordance with the contract but not recognised in Statement of Profit and Loss as at the Balance Sheet date. Deferred Revenue net of the amount recognizable beyond one year is disclosed as unearned income in non-current liabilities and the amount recognizable within one year is disclosed as deferred revenue in current liabilities.

p) Accrued Income

Where the services are performed prior to billing, unbilled debtors is recognized in other current assets.

q) Employee Benefits

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the Balance Sheet.

Eligible employees of the company are covered by defined contribution pension plan. Contribution to the plan is generally based on each employee's eligible compensation and years of service and is based on the local regulations. The schemes are funded through payments to insurance companies as defined contribution plans. In some defined contribution retirement plan, eligible employees may contribute amounts to the plan, via payroll withholding, subject to certain limitations.

r) Use of Estimates

The presentation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of Balance Sheet and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognized in the year in which the results are known / materialized.

s) Earnings Per Share

i) Basic earnings per share

Basic earnings per share is calculated by dividing:
- the profit attributable to owners of the company
- by the weighted average number of equity shares outstanding during the financial year, adjusted for bonus elements in equity shares issued during the year.

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential equity shares, and
- the weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

2.22 Segment Reporting

The RGL Group is being geared to provide the customers with a composite service tailored to their industry or their specific needs like cost optimization or increased speed of reach, which in-turn involves leveraging a combination of the assets and service capabilities of RGL Group. The Group CEO of RGL along with steering committee performs the function of Chief Operating Decision Maker (‘CODM’). The RGL Group has a single operating segment, viz. Data Services Business. The Data Services Business of RGL Group provides an integrated service to its global customers.

The CODM reviews the segment results at a combined level for all regions and businesses, when assessing the RGL Group’s overall performance and deciding the manner in which to allocate resources.

Further, when a composite service is offered to a customer, while the billing may be done in one jurisdiction the services in-turn would be sought or assets used would be from different legal entities within the RGL Group domiciled in different geographies. Therefore, it is impracticable to meaningfully disclose service revenue by geographical locations.

2.23 Earnings Per Share

Amount in ₹ except number of shares

Particulars		**Year ended March 31, 2019**	Year ended March 31, 2018
A	Profit for the year attributable to shareholders	**2,24,06,873**	2,05,43,245
B	Weighted average number of share of HKD 1 each used as denominator for calculating Basic and Diluted EPS	**78,000**	78,000
C	Basic and Diluted Earnings per Share (A/B)	**287**	263

2.24 Notes to Foreign Currency Translation Reserve

The amounts relating to Balance Sheet items appearing in Indian Rupees have been translated at Closing Rate of 1 USD = ₹ 69.155 (March 31 2018 1 USD = ₹ 65.175)and items relating to profit and loss have been translated at average rate of 1 USD = ₹ 69.916 (Previous year 1 USD = ₹ 64.446).

The amounts have been converted in INR to comply with the financial reporting requirement in India.

2.25 Related Party Transactions

In accordance with Indian Accounting Standard 24 “Related Party Disclosures” issued by the Institute of Chartered Accountants of India, the company’s related parties and transactions are disclosed below which are in ordinary course of business and at arms’ length basis:

List of related parties:

(a) **Parent company**

i. Reliance Communication Limited
ii. Reliance Globalcom Limited
iii. Reliance Globalcom (UK) Limited

(b) Related parties with whom transactions have taken place

i. Reliance Globalcom Limited
ii. FLAG Telecom Japan Limited
iii. FLAG Holdings (Taiwan) Limited
iv. FLAG Telecom Taiwan Limited
v. Reliance FLAG Telecom Ireland DAC
vi. Reliance Communications (HK) Limited

(c) Sales of services

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Service Revenue		
Parent company	-	-
Fellow subsidiaries	1,22,19,58,498	1,13,53,58,806
Total	**1,22,19,58,498**	**1,13,53,58,806**

Sales of services are negotiated with related parties on a cost-plus basis and are determined on the basis of market price.

(d) Purchases of services

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Network Operating Expenses		
Parent company	-	-
Fellow subsidiaries	-	-
Total	**-**	**-**

Purchases of services are negotiated with related parties on a cost-plus basis and are determined on the basis of market price.

FLAG Telecom Asia Limited

Notes Forming part of the Financial Statements for the year ended March 31, 2019

(e) **Year-end balances arising from sales/purchases of services**

Particulars	As at March 31, 2019	As at March 31, 2018
Trade Payables		
Parent company	-	-
Fellow subsidiaries	19,24,701	2,79,672
Total	**19,24,701**	**2,79,672**

	March 31, 2019	March 31, 2018
Advance to related parties		
Parent company	-	-
Fellow subsidiaries	4,08,51,32,380	2,91,72,29,331
Total	**4,08,51,32,380**	**2,91,72,29,331**

Particulars	As at March 31, 2019	As at March 31, 2018
Due to related parties		
Parent company	3,80,72,32,655	2,56,83,75,153
Fellow subsidiaries	-	-
Total	**3,80,72,32,655**	**2,56,83,75,153**

2.26 The previous year's figures have been regrouped and reclassified wherever necessary.

For Shridhar & Associates
Chartered Accountants
Firm Registration No. : 134427W

Jitendra Sawjiany
Partner
Membership Number: 050980

Place : Mumbai
Date : 22nd May 2019

For FLAG Telecom Asia Limited

Girish Kulai
Director

Place :
Date : 21st May 2019

Independent Auditors' Report

To the Board of Directors of FLAG Telecom Japan Limited

Report on the Ind AS Financial Statements

Opinion

We have audited the accompanying standalone Ind AS financial statements of **FLAG Telecom Japan Limited** ("the Company"), which comprise the Balance Sheet as at 31st March, 2019, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the 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 standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the state of affairs of the Company as at 31st March, 2019, and its profit/loss (including 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 in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013 ("the Act"). Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Ind AS 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 together with the ethical requirements that are relevant to our audit of the Ind AS financial statements 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 Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter

We draw your attention to note 2.08 of the notes to the financial statements where the company has negative net worth amounting to INR 4,51,03,36,220 for the year 2019 and INR 4,55,15,90,639 for the year 2018 (excluding loss on account of FCTR) . The financial statements are prepared under going concern assumption since the immediate parent company(Reliance Globalcom Limited, Bermuda) will continue to support the company in meeting its liabilities as they fall due within the coming 12 months.

The Reliance Globalcom Limited, Bermuda has confirmed its intention to continue to support the company for at least 12 months from the date of approval of these financial statements, by providing sufficient funds to enable it to meet its liabilities and obligations as they fall due. On this basis, the directors have concluded that it remains appropriate to prepare the financial statements on the going concern.

Our opinion is not qualifying in this matter.

Information Other than the Standalone Financial Statements and auditor's Report Thereon

Our opinion on the Ind AS 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 standalone Ind AS financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Ind AS financial statements or our knowledge obtained in the 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.

This report is issued for the information and use of the Board of directors of the Company and of Reliance Communications Limited, the holding company in India to comply with the financial reporting requirements in India and should not be used for any other purposes without our prior written consent.

Management's Responsibility for the Ind AS financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards ('Ind AS'), prescribed under section 133 of the Companies Act, 2013 ("the Act") read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015, the Companies (Indian Accounting Standards) Amendment Rules, 2016 and other provisions of the Act, to the extent notified and applicable as well as applicable guidance notes and pronouncements of the Institute of Chartered Accountants of India (the ICAI).

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 standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Audit of the Ind AS Financial Statements

Our responsibility is to express an opinion on these standalone Ind AS financial statements based on our audit.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the standalone Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the company has in place and adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the standalone Ind AS financial statements.

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.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone Ind AS financial statements.

For Shridhar& Associates
Chartered Accountants
Firm Registration No.134427W

Jitendra Sawjiany
Partner
Membership No.050980

Place: Mumbai
Date: 22nd May 2019

FLAG TELECOM JAPAN LIMITED
Balance Sheet as at March 31, 2019

Particulars	Note	As at March 31, 2019	Amount in INR As at March 31, 2018
ASSETS			
Non-Current Assets			
Property, plant and equipment	**2.01**	**80,77,20,342**	81,07,80,197
Other intangible assets	**2.02**	**1,09,96,402**	1,64,41,122
Other Non Current Assets	**2.03**	**14,168**	-
Total Non-current assets		**81,87,30,912**	82,72,21,319
Current Assets			
Financial assets			
Trade receivables	**2.04**	**27,37,125**	38,90,157
Cash and cash equivalents	**2.05**	**2,74,55,579**	1,08,55,408
Other Financial assets	**2.06**	**8,65,88,02,318**	58,82,26,207
Other Current Assets	**2.07**	**78,69,157**	2,70,66,037
Total Current assets		**8,69,68,64,179**	63,00,37,809
Total Assets		**9,51,55,95,091**	1,45,72,59,128
EQUITY AND LIABILITIES			
Share Capital			
Equity share capital	**2.08**	**63,21,125**	59,57,321
Other Equity	**2.08**	**(5,22,44,48,934)**	(4,96,18,89,956)
Total Equity		**(5,21,81,27,809)**	(4,95,59,32,635)
LIABILITIES			
Non-Current Liabilities			
Provisions	**2.09**	**2,46,72,030**	2,11,06,088
Total Non-current liabilities		**2,46,72,030**	2,11,06,088
Current Liabilities			
Financial liabilities			
Trade payables	**2.10**	**26,61,03,911**	32,38,38,439
Other Financial liabilities	**2.11**	**14,43,57,70,318**	6,05,91,18,126
Income tax liabilities (net)	**2.12**	**4,96,828**	4,66,390
Other Current liabilities	**2.13**	**66,79,813**	86,62,720
Total Current liabilities		**14,70,90,50,870**	6,39,20,85,675
Total Liabilities		**14,73,37,22,900**	6,41,31,91,763
Total Equity and Liabilities		**9,51,55,95,091**	1,45,72,59,128

Notes on Accounts **2**
The Notes referred to above form an integral part of the Financial Statements.

As per our report of even date attached

For Shridhar & Associates
Chartered Accountants
Firm Registration No.: 134427W

Jitendra Sawjiany
Partner
Membership No. 050980

Place: Mumbai
Date: 22nd May 2019

For Flag Telecom Japan Limited

Girish Kulai
Director

Place: Mumbai
Date: 21st May 2019

Chihiro Niikura
Director

Place: Mumbai
Date: 21st May 2019

FLAG TELECOM JAPAN LIMITED
Statement of Profit and loss for the year ended March 31,2019

Particulars	Note	For the year ended March 31,2019	Amount in INR For the year ended March 31,2018
INCOME			
Revenue from operations	**2.14**	**37,96,25,136**	40,09,14,373
Other income	**2.15**	**2,19,08,597**	1,10,69,418
Total Income		**40,15,33,733**	41,19,83,791
EXPENSES			
Network operation expenses	**2.16**	**22,81,52,567**	25,62,63,244
Employee benefits expense	**2.17**	**4,78,86,323**	5,30,67,820
Depreciation and amortization expense	**2.18**	**7,27,88,001**	6,34,98,438
Other expenses	**2.19**	**1,24,92,983**	1,44,92,887
Total Expenses		**36,13,19,874**	38,73,22,389
Profit Before Tax		**4,02,13,859**	2,46,61,402
Tax Expense			
-Current Tax (Refund)/Paid		**(6,76,757)**	80,78,450
-Deferred Tax		**-**	-
Net profit for the year		**4,08,90,616**	1,65,82,952
Other comprehensive income			
Items that may be subsequently reclassified to statement of profit or loss			
Currency translation difference		**(30,34,49,594)**	(2,46,38,882)
Total Comprehensive Income for the year		**(26,25,58,978)**	(80,55,930)
Earnings per Share of each fully paid up			
- Basic and diluted earnings per share	**2.21**	**2,04,453**	82,915

Basis of preparation **1**
Notes on Accounts **2**
The Notes referred to above form an integral part of the Financial Statements.

As per our report of even date attached

For Shridhar & Associates
Chartered Accountants
Firm Registration No.: 134427W

Jitendra Sawjiany
Partner
Membership No. 050980

Place: Mumbai
Date: 22nd May 2019

For Flag Telecom Japan Limited

Girish Kulai
Director

Place: Mumbai
Date: 21st May 2019

Chihiro Niikura
Director

Place: Mumbai
Date: 21st May 2019

FLAG TELECOM JAPAN LIMITED
Statement of Cash flows for the year ended March 31, 2019

Particulars	For the year ended March 31, 2019	Amount in INR For the year ended March 31, 2018
A) CASH FLOW FROM OPERATING ACTIVITIES:		
Profit/(Loss) Before Tax	**4,02,13,859**	2,46,61,402
Adjustments for:		
Provision for Doubtful Debts		
Depreciation and Amortisation	**7,27,88,001**	6,34,98,438
Amount transferred to General Reserve		
Effects of exchange difference on translation of asset & liabilities	**(35,42,50,671)**	(2,93,38,009)
Amount Withdrawn from Revaluation Reserve		
Amount withdrawn from General Reserve		
Interest Income	**(15)**	(15)
Finance Charges		
	(28,14,62,685)	3,41,60,414
Operating Profit before Working Capital Changes	**(24,12,48,826)**	5,88,21,816
Adjustments for:		
Decrease /(Increase) in other non-current assets	**(14,168)**	21,82,147
Decrease /(Increase) in trade receivables	**11,53,032**	17,66,442
Decrease / (Increase) in other financial assets	**(8,07,05,76,111)**	(35,03,91,038)
Decrease /(Increase) in other current assets	**1,91,96,880**	(46,74,689)
Increase/ (Decrease) in other non-current liabilities	**35,65,942**	6,00,412
Increase/ (Decrease) in trade payables	**(5,77,34,528)**	2,21,60,901
Increase / (Decrease) in other financial liabilites	**8,37,66,52,192**	43,98,34,621
Increase / (Decrease) in other current liabilities	**(19,82,907)**	(2,42,510)
	27,02,60,332	11,12,36,286
Cash generated from / (used in) operations	**2,90,11,506**	17,00,58,102
Income Taxes (Paid)/Refund	**7,07,195**	(76,91,541)
Net Cash Generated from Operating Activities (A)	**2,97,18,701**	16,23,66,561
B) CASH FLOW FROM INVESTING ACTIVITIES:		
Purchase of Fixed Assets (Including Capital Work in Progress)	**(1,31,18,545)**	(15,98,19,249)
Interest Received	**15**	15
Investment in Subsidiaries	**-**	-
Sale of Subsidiaries	**-**	-
Profit/Loss on Sale of LT Invt-Equity S	**-**	-
Net Cash Used in Investing Activities (B)	**(1,31,18,530)**	(15,98,19,234)
C) CASH FLOW FROM FINANCING ACTIVITIES:		
Interest Paid	**-**	-
Issue of Equity Share	**-**	-
Redemption of 4% Preference shares	**-**	-
Redemption of 5% Preference shares	**-**	-
Loan given	**-**	-
Loan taken/ (repayment)	**-**	
Short Term Borrowing from bank	**-**	-
Application money pending allotement	**-**	-
Net Cash Used in Financing Activities (C)	**-**	-
Net Increase/ (Decrease) in Cash and Cash Equivalents (A+B+C)	**1,66,00,171**	25,47,327
Cash and Cash Equivalents at the Beginning of the Year	**1,08,55,408**	83,08,080
Cash and Cash Equivalents at the End of the Year	**2,74,55,579**	1,08,55,408

As per our report of even date attached

For Shridhar & Associates
Chartered Accountants
Firm Registration No.: 134427W

For Flag Telecom Japan Limited

FLAG TELECOM JAPAN LIMITED
Statement of changes in equity for the year ended March 31, 2019

Statement of Changes in Equity

Particulars	Share capital	Reserves and Surplus	Other Comprehensive Income
		Retained Earnings	Exchange Fluctuation Reserve
Balance as at 01.04.2017	**59,27,625**	**(4,57,41,30,912)**	**(37,97,03,114)**
Surplus/ (Deficit) of Statement of Profit and Loss		1,65,82,952	
Exchange variance	29,696		(2,46,38,882)
Balance as at 31.03.2018	**59,57,321**	**(4,55,75,47,960)**	**(40,43,41,996)**
Surplus/ (Deficit) of Statement of Profit and Loss		4,08,90,616	
Exchange variance	3,63,804		(30,34,49,594)
Balance as at 31.03.2019	**63,21,125**	**(4,51,66,57,344)**	**(70,77,91,590)**

As per our report of even date attached

For Shridhar & Associates
Chartered Accountants
Firm Registration No.: 134427W

Jitendra Sawjiany
Partner
Membership No. 050980

Place: Mumbai
Date: 22nd May 2019

For Flag Telecom Japan Limited

Girish Kulai
Director

Place: Mumbai
Date: 21st May 2019

Chihiro Niikura
Director

Place: Mumbai
Date: 21st May 2019

FLAG TELECOM JAPAN LIMITED
Notes to the Financial Statements

2.01 Property,Plant & Equipment

Particulars	Leasehold improvements	Network Assets
Gross carrying value		
As at April 1, 2018	1,94,82,698	1,81,78,43,836
Additions	-	1,40,65,448
Disposals		
Exchange differences	11,89,738	11,08,56,010
As at March 31, 2019	**2,06,72,436**	**1,94,27,65,294**
Accumulated depreciation		
As at April 1, 2018	1,91,46,702	1,00,74,83,914
Depreciation	1,20,256	6,77,16,401
Disposal / adjustments		
Exchange differences	11,67,910	6,07,86,318
As at March 31, 2019	**2,04,34,868**	**1,13,59,86,633**
Closing net carrying value As at March 31, 2019	**2,37,568**	**80,67,78,661**
Gross carrying value As at March 31, 2019	2,06,72,436	1,94,27,65,294
Accumulated depreciation	2,04,34,868	1,13,59,86,633
Closing net carrying value As at March 31, 2019	**2,37,568**	**80,67,78,661**

Particulars	Leasehold improvements	Network Assets
Gross carrying value		
As at April 1, 2017	1,93,85,547	1,64,80,05,850
Additions	-	15,97,71,594
Disposals		
Exchange differences	97,151	1,00,66,392
As at March 31, 2018	**1,94,82,698**	**1,81,78,43,836**
Accumulated depreciation		
As at April 1, 2017	1,89,39,684	94,54,54,391
Depreciation	1,10,847	5,66,50,498
Disposal / adjustments		
Exchange differences	96,171	53,79,025
As at March 31, 2018	**1,91,46,702**	**1,00,74,83,914**
Closing net carrying value As at March 31, 2018	**3,35,996**	**81,03,59,922**
Gross carrying value As at March 31, 2018	1,94,82,698	1,81,78,43,836
Accumulated depreciation	1,91,46,702	1,00,74,83,914
Closing net carrying value As at March 31, 2018	**3,35,996**	**81,03,59,922**

FLAG TELECOM JAPAN LIMITED
Notes forming part of the Balance Sheet as at March 31, 2019

2.02 Other intangible assets

Amount in INR

Particulars	**Indefeasible Right of Connectivity**	**Total**
Gross carrying value		
As at April 1, 2018	9,95,51,358	9,95,51,358
Additions	-	-
Disposals		-
Exchange Diff	60,79,255	60,79,255
As at March 31, 2019	**10,56,30,613**	**10,56,30,613**
As at April 1, 2018	8,31,10,236	8,31,10,236
Depreciation	65,19,698	65,19,698
Disposal / adjustments		-
Exchange Diff	50,04,277	50,04,277
As at March 31, 2019	**9,46,34,211**	**9,46,34,211**
Closing net carrying value As at March 31, 2019	**1,09,96,402**	**1,09,96,402**
Gross carrying value As at March 31 2019	10,56,30,613	10,56,30,613
Accumulated depreciation	9,46,34,211	9,46,34,211
Closing net carrying value as at March 31 2019	**1,09,96,402**	**1,09,96,402**

Particulars	**Indefeasible Right of Connectivity**	**Total**
Gross carrying value		
As at April 1, 2017	9,90,54,953	9,90,54,953
Additions	-	-
Disposals		-
Currency translation difference	4,96,405	4,96,405
As at March 31 2018	**9,95,51,358**	**9,95,51,358**
As at April 1, 2017	7,59,59,279	7,59,59,279
Amortisation for the year	66,94,573	66,94,573
Currency translation difference	4,56,384	4,56,384
As at March 31 2018	**8,31,10,236**	**8,31,10,236**
Closing net carrying value As at March 31 2018	**1,64,41,122**	**1,64,41,122**
Gross carrying value As at March 31 2018	9,95,51,358	9,95,51,358
Accumulated depreciation	8,31,10,236	8,31,10,236
Closing net carrying value as at March 31 2018	**1,64,41,122**	**1,64,41,122**

FLAG TELECOM JAPAN LIMITED
Notes forming part of the Balance Sheet as at March 31, 2019

Amount in INR

		As at March 31, 2019	As at March 31, 2018
2.03	**Other Non Current Assets**		
	Other Non Current Assets	**14,168**	-
		14,168	-
2.04	**Trade receivables**		
	Current		
	Unsecured		
	Considered Good	**27,37,125**	38,90,157
	Considered Doubtful	**-**	-
		27,37,125	38,90,157
	Less: Allowance for doubtful debts	**-**	-
	Less: Provision for credit notes	**-**	-
	Total	**27,37,125**	38,90,157
2.05	**Cash and cash equivalents**		
	Cash on hand	**878**	828
	Balance with Banks		
	- Current Accounts	**2,74,54,701**	1,08,54,580
	Other Bank Balances	**-**	
	- Deposit Accounts	**-**	
	Total	**2,74,55,579**	1,08,55,408
2.06	**Other Financial assets**		
	Current		
	Deposits	**10,89,919**	10,27,192
	Unbilled Revenue	**-**	-
	Advances to related parties	**8,65,77,12,399**	58,71,99,015
	Total	**8,65,88,02,318**	58,82,26,207
2.07	**Other Current Assets**		
	Prepaid Expenses	**13,50,242**	13,81,309
	Advance for supply of goods and rendering of services	**64,130**	24,535
	Balances with Government Authorities	**64,54,785**	2,56,60,193
	Others	**-**	-
	Other Loans and Advances	**-**	
	Total	**78,69,157**	2,70,66,037

2.08 Equity
Share capital

	As at March 31, 2019	As at March 31, 2018
Authorised	**2,38,29,284**	2,38,29,284
Issued, subscribed & fully paid up (JPY 50,000 per share)	**63,21,125**	59,57,321
Total	**63,21,125**	59,57,321

i. Movement in share capital

	No. of Shares	Amount in INR
As at April 1, 2017	**200**	59,27,625
Issued during the year	**-**	-
Foreign currency translation reserve		29,696
As at March 31, 2018	**200**	59,57,321
Issued during the year	**-**	-

FLAG TELECOM JAPAN LIMITED
Notes on accounts to the Statement of Profit and Loss

		For the year ended March 31,2019	Amount in INR For the year ended March 31,2018
2.14	**Revenue from operations**		
	Indefeasible right of use	**-**	-
	Lease capacity services	**1,67,30,123**	2,15,94,563
	Internet protocol	**2,23,67,737**	3,35,88,096
	Network service revenue	**34,05,27,276**	34,57,31,714
		37,96,25,136	40,09,14,373
2.15	**Other income**		
	Interest Income	**15**	15
	Gain on foreign exchange fluctuation (net)	**-**	-
	Reversal of provision for Doubtful Debts (Net)	**-**	-
	Provision/ Liabilities written back to the extent no longer required	**2,17,19,122**	1,09,31,386
	Miscellaneous Income	**1,89,460**	1,38,017
		2,19,08,597	1,10,69,418
2.16	**Network operation expenses**		
	Equipment maintenance and support	**24,29,641**	-
	Landing stations and point of presence costs	**10,86,13,017**	14,14,94,325
	Terrestrial cable, inland amplifier and regenerator sites	**5,83,10,191**	5,72,95,778
	Local tails	**5,54,66,343**	4,70,20,769
	Internet protocol	**33,33,375**	1,04,52,372
		22,81,52,567	25,62,63,244
2.17	**Employee benefits expense**		
	Salaries, Wages and Bonus	**4,22,69,226**	4,74,72,790
	Contribution to Provident and Other Funds	**25,79,342**	22,45,115
	Staff Welfare Expenses	**30,37,755**	33,49,915
		4,78,86,323	5,30,67,820
2.18	**Depreciation and amortization expense**		
	Depreciation on Tangible assets	**6,62,68,303**	5,68,03,864
	Less:recoupment from revaluation reserve	**-**	-
	Net Depreciation on tangible assets	**6,62,68,303**	5,68,03,864
	Amortisation of Intangible assets	**65,19,698**	66,94,574
		7,27,88,001	6,34,98,438

1.01 General Information

The principal activities of FLAG Telecom Japan Limited (the "Company") are the provision of telecommunication services, sales and marketing support services to its fellow subsidiaries and an intermediate holding company, and the operation of a fiber optic telecommunications network in Japan.

1.02 SIGNIFICANT ACCOUNTING POLICIES

a) Basis of Preparation of Financial Statements

The financial statements are prepared under historical cost convention in accordance with generally accepted accounting principles (GAAP) in India and in compliance with the Indian Accounting Standards (Ind AS) specified under section 133 to the Companies Act, 2013 read with Companies (Indian Accounting Standard) Rules, 2015 as notified/ amended by Ministry of Corporate Affairs, Government of India.

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle. Based on the nature of the services and their realization in cash and cash equivalents, the Company has ascertained its operating cycle as twelve months for the purpose of current – non-current classification of assets and liabilities.

Financial Statements have been prepared on a going concern basis and financial support as may be required, shall be extended by associates and / or parent company.

The Company has applied the following standards and amendments for the first time for their annual reporting period commencing April 1, 2018:

- Ind AS 115 Revenue from Contracts with Customers
- Amendment to Ind AS 21- Foreign Currency Transactions and Advance Consideration

The adoption of the above new standards, amendment and interpretation did not have material impact on these financial statements. There are no other Ind AS amendments that are effective that would be expected to have a material impact on the Company's Financial Statements.

Standards and amendments issued and not yet effective
The following standards and amendments, which were in issue but not yet effective and have not been early adopted by the Company.

Ind AS 116 - Leases

Ind AS 116 is applicable from annual periods beginning on or after April 1, 2019. It will replace previous lease standard Ind AS 17. Ind AS 116 sets out the principles for recognition, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to accounting for finance leases under Ind AS 17. The standard includes two recognition exemption for leases: leases of 'low-value' assets and short-term leases. At the commencement date of a lease, a lessee will recognise a liabilityto make lease payments and an asset representing right to use the underlying asset during the lease term. Lessor accounting under Ind AS 16 is substantially unchanged from today's accounting under Ind AS 17.

Appendix C to Ind AS 112 -'Uncertainty over Income tax treatments'

This Appendix explains how to recognize and measure deferred and current tax assets and liabilities where there is uncertainty over a tax treatment. It provides a framework to consider, recognize and measure the accounting impact of tax uncertainties. This Appendix is applicable for annual periods beginning on or after April 1, 2019.
The company is evaluating the impact of the new standard and amendment on the financial position and results of operation. There are no other standards that are not yet effective and that would be expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions

b) Foreign Currency

i) Foreign Currency Transactions

Initial Recognition

On initial recognition, all foreign currency transactions are recorded by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

Subsequent Recognition

As at the reporting date, non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction. All non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined. All monetary assets and liabilities in foreign currency are restated at the end of accounting period. The resulting foreign exchange gains and losses are recognized in the Statement of Profit and loss on a net basis.

ii) Translation into Presentation Currency

The financial statements are translated into presentation currency which is Indian Rupees. Foreign exchange gains and losses resulting from translation into presentation currency are recognized in Other Comprehensive Income

c) Property, plant and equipment

Recognition and measurement

Property, plant and equipment consists of network assets, leasehold improvements, computers and office equipment, vehicles, furniture and fittings.
Property, plant and equipment are stated at cost, net of accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the assets.

Subsequent expenditure

Subsequent costs are included in the asset’s carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the Statement of Profit and Loss during the financial period in which they are incurred.

Depreciation

Depreciation on all assets is calculated so as to write-down the cost of property, plant and equipment to its residual value over its estimated useful life. Estimated useful lives, residual values and depreciation methods are reviewed annually, taking into account commercial and technological obsolescence as well as normal wear and tear.
Depreciation is recorded on a straight-line basis over the estimated useful lives of the property, plant and equipment as follows:

Network assets..the shorter of 15 to 25 years or remaining useful lives
Leasehold improvements...............................over the period of lease
Computers and office equipment...................3 to 6 years
Vehicles……………………………………….5 years
Furniture and fittings…..................................3 to 7 years

The estimated useful lives of network assets are determined based on the estimated period over which they will generate revenue. Depreciation on any capitalisation due to modifications, improvements of the assets is restricted to the remaining useful life of the fixed asset.
Any gain or loss on disposal of an item of property, plant and equipment is recognised in statement of profit or loss.

Capital work in Progress

Costs incurred prior to the capital project's completion are reflected as capital-work-in-progress, which is transferred to property, plant and equipment at the date the project is complete. Capital-work-in-progress is stated at cost.

d) Intangible Assets

Indefeasible Right of Use (IRU)

IRU are amortized over their estimated useful lives of 5 to 25 years on straight line basis. The estimated useful life of IRUs is based on the contractual terms of the respective contracts.

Intangible Assets under Development

Intangible assets not ready for the intended use on the date of the Balance Sheet are disclosed as "intangible assets under development".

e) Impairment of Non-Financial assets

Non-financial assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non- financial assets that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

f) Financial Instruments

Financial instruments are recognised when the Company becomes a party to the contractual provisions of the instrument.

(a) Investments and other Financial Assets

(I) Classification
The Company classifies its financial assets in the following measurement categories:

a) those to be measured subsequently at fair value (either through other comprehensive income, or through Statement of profit and loss); and
b) those to be measured at amortised cost.

The classification depends on the Company's business model for managing the financial assets and the contractual terms of the cash flows.
For assets measured at fair value, gains and losses will either be recorded in Statement of profit and loss or other comprehensive income ('OCI').

(II) Measurement

At initial recognition, the Company measures a financial asset at its fair value. Transaction costs of financial assets carried at fair value through the statement of profit and loss are expensed in the statement of profit and loss.

(III) Derecognition of financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the assets expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of the transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

(IV) Impairment of financial assets

The Company recognizes loss allowances using the expected credit loss (ECL) model for the financial assets which are not fair valued through profit or loss. Loss allowance for trade receivables with no significant financing component is measured at an amount equal to lifetime ECL. For all other financial assets, expected credit losses are measured at an amount equal to the 12-month ECL, unless there has been a significant increase in credit risk from initial recognition in which case those are measured at lifetime ECL. The amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognised as an impairment gain or loss in statement of profit or loss.

(b) Financial Liabilities
The Company determines the classification of its financial liabilities at initial recognition.

(I) Classification
The financial liabilities are classified in the following measurement categories:

a) those to be measured as financial liabilities at fair value through profit or loss,
b) those to be measured at amortised cost.

(II) Initial recognition and measurement

Financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. Financial liabilities are initially measured at the amortised cost unless at initial recognition, they are classified as fair value through profit and loss.

(III) Subsequent measurement

Financial liabilities are subsequently measured at amortised cost using the effective interest rate method. Financial liabilities carried at fair value through profit or loss are measured at fair value with all changes in fair value recognised in the statement of profit and loss.

(IV) Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the Statement of profit and loss.

g) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counter party.

h) Trade receivables

Trade receivables are amounts due from customers for services performed in the ordinary course of business. If collection is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at fair value. They are subsequently measured at amortised cost (net of allowance for impairment) using the effective interest method, if the effect of discounting is considered material.

i) Cash and Cash Equivalents

In the statement of cash flows, cash and cash equivalents include cash in hand, demand deposits with banks, other short-term highly liquid investments with original maturities of three months or less and that are readily convertible to known amount of cash and cash equivalent and bank overdrafts.

j) Share Capital

Ordinary Common Shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

k) Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified under current liabilities if payment is due within one year or less. If not, they are presented under non-current liabilities.
Trade payables are recognised initially at fair value and subsequently measured at amortised cost using effective interest rate method.

l) Provisions and Contingent Liabilities

Provisions are recognised when there is a present legal or constructive obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and there is a reliable estimate of the amount of the obligation. Provisions are measured at the best estimate of the expenditure required to settle the present obligation at the Balance Sheet date and are not discounted to its present value.

Contingent Liabilities: Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made.

m) Current and deferred Tax

Tax expense for the period, comprising current tax and deferred tax, are included in the determination of the net profit or loss for the period. Current tax is measured at the amount expected to be paid to the tax authorities in accordance with the taxation laws prevailing in the respective jurisdictions.
Deferred tax is recognized, using the liability method, for all the temporary differences, subject to the consideration of prudence in respect of deferred tax assets. Deferred tax assets are recognised and carried forward only to the extent that it is probable that sufficient future taxable income will be available against which such deferred tax assets can be realised. However, where there is unabsorbed depreciation or carry forward loss, the deferred tax asset is recognised and carried forward only to the extent that it is probable that the assets will be realised in future. Deferred tax assets and liabilities are measured using the tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date. At each Balance Sheet date, the Company re-assesses unrecognised deferred tax asset if any.

Current tax assets and current tax liabilities are offset when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle the asset and the liability on a net basis. Deferred tax assets and deferred tax liabilities are offset when there is a legally enforceable right to set off assets against liabilities representing current tax and where the deferred tax assets and the deferred tax liabilities relate to taxes on income levied by the same governing taxation laws.

n) Revenue Recognition

The Company has adopted Ind AS 115 Revenue from Contracts with Customers with a date of initial application of April 1, 2018. As a result, the Group has updated its accounting policy for revenue recognition as detailed below.

The Company has applied Ind AS 115 using the cumulative effect method and therefore the comparative information has not been restated and continues to be reported under Ind AS 18 .

Company recognizes revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and when specific criteria have been met for Company's activities as described below. Revenue is measured at the fair value of the consideration receivable and represents amount receivable for services rendered, net of taxes, expected variable consideration, price reductions and rebates. The company uses expected value method or most likely amount method to estimate the amount of variable consideration.

Where the contracts include multiple performance obligations, the transaction price will be allocated to each performance obligation based on the stand- alone selling prices. Where these are not directly observable, they are estimated based on market assessment approach.

Indefeasible Right of Use

The Company sells Right of Use (ROU) that provide customers with network capacity, typically over a 10 to 15 year period without transferring the legal title or giving an option to purchase the network capacity. Revenue from cancellable ROU arrangements are accounted as operating lease and recognized over the life of the contract.

Internet Protocol Services

The Company recognises internet protocol revenue over the term of the contract. Fees related to activation of services are deferred and recognised over the expected term of the related service agreement.

International Private Leased Circuits

International Private Leased Circuits include lease capacity services and restoration service for other network operators. The customer typically pays the charges for these services periodically over the life of the contract, which may be up to three years. Revenue is recognized in the Company’s Statement of Profit and Loss over the term of the contract.

Operations and Maintenance Services

The Company provides operation and maintenance services over the life of the capacity contract, for which the Company receives Operation and Maintenance charges. Operation and maintenance charges are invoiced separately from capacity sales. Revenues relating to maintenance are recognized over the period in which the service is provided.

Network service revenue

Transfer pricing is based on provisions contained in Organization for Economic Co-operation & Development (the OECD guidelines).

Interest income

The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of a financial asset. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument but does not consider the expected credit losses. Interest income is recognised using the effective interest method.

o) Deferred Revenue

Deferred Revenue represents income billed in accordance with the contract but not recognised in Statement of Profit and Loss as at the Balance Sheet date. Deferred Revenue net of the amount recognizable beyond one year is disclosed as unearned income in non-current liabilities and the amount recognizable within one year is disclosed as deferred revenue in current liabilities.

p) Accrued Income

Where the services are performed prior to billing, unbilled debtors is recognized in other current assets.

q) Employee Benefits

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the Balance Sheet.

Eligible employees of the company are covered by defined contribution pension plan. Contribution to the plan is generally based on each employee's eligible compensation and years of service and is based on the local regulations. The schemes are funded through payments to insurance companies as defined contribution plans. In some defined contribution retirement plan, eligible employees may contribute amounts to the plan, via payroll withholding, subject to certain limitations.

r) Use of Estimates

The presentation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of Balance Sheet and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognized in the year in which the results are known / materialized.

s) Earnings Per Share

i) Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the company
- by the weighted average number of equity shares outstanding during the financial year, adjusted for bonus elements in equity shares issued during the year.

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential equity shares, and
- the weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

FLAG Telecom Japan Limited

Notes Forming part of the Financial Statements for the year ended March 31, 2019

2.20 Segment Reporting

The RGL Group is being geared to provide the customers with a composite service tailored to their industry or their specific needs like cost optimization or increased speed of reach, which in-turn involves leveraging a combination of the assets and service capabilities of RGL Group. The Group CEO of RGL along with steering committee performs the function of Chief Operating Decision Maker ('CODM'). The RGL Group has a single operating segment, viz. Data Services Business. The Data Services Business of RGL Group provides an integrated service to its global customers.

The CODM reviews the segment results at a combined level for all regions and businesses, when assessing the RGL Group's overall performance and deciding the manner in which to allocate resources.

Further, when a composite service is offered to a customer, while the billing may be done in one jurisdiction the services in-turn would be sought or assets used would be from different legal entities within the RGL Group domiciled in different geographies. Therefore, it is impracticable to meaningfully disclose service revenue by geographical locations.

2.21 Earnings Per Share

Amount in ₹ except number of shares

	Particulars	For the Year ended March 31, 2019	For the Year ended March 31, 2018
A	Profit for the year attributable to shareholders	**4,08,90,616**	1,65,82,952
B	Weighted average number of share of Japanese Yen 50,000 each used as denominator for calculating Basic and Diluted EPS	**200**	200
C	Basic and Diluted Earnings per Share (A/B)	**2,04,453**	82,915

2.22 Notes to Foreign Currency Translation Reserve

The amounts relating to Balance Sheet items appearing in Indian Rupees have been translated at Closing Rate of 1 USD = ₹ 69.155 (March 31 2018 1 USD = ₹ 65.175) and items relating to profit and loss have been translated at average rate of 1 USD = ₹69.916 (Previous year 1 USD = ₹ 64.446).

The amounts have been converted in INR to comply with the financial reporting requirement in India.

2.23 Related Party Transactions

In accordance with Indian Accounting Standard 24 "Related Party Disclosures" issued by the Institute of Chartered Accountants of India, the company's related parties and transactions are disclosed below which are in ordinary course of business and at arms' length basis:

List of related parties:

(a) **Parent company**

i. Reliance Communication Limited
ii. Reliance FLAG Telecom Ireland DAC

(b) **Related parties with whom transactions have taken place**

i. Reliance Globalcom Limited
ii. FLAG Telecom Singapore Pte Limited
iii. Reliance FLAG Telecom Ireland DAC
iv. Reliance Flag Telecom Ireland Network DAC
v. Flag Atlantic (UK) Limited
vi. Reliance Flag Atlantic France SAS
vii. Flag Telecom Network USA Limited
viii. Reliance Globalcom Services Inc
ix. Vanco Japan Limited

(c) **Sales of services**

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Service Revenue		
Parent company	34,05,27,276	45,58,59,591
Fellow subsidiaries	-	-
Total	**34,05,27,276**	**45,58,59,591**

Sales of services are negotiated with related parties on a cost-plus basis and are determined on the basis of market price.

(d) **Purchases of services**

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Network Operating Expenses		
Parent company	-	-
Fellow subsidiaries	-	-
Total	**-**	**-**

Purchases of services are negotiated with related parties on a cost-plus basis and are determined on the basis of market price.

(d) **Year-end balances arising from sales/purchases of services**

Particulars	As at March 31, 2019	As at March 31, 2018
Trade Receivables		
Parent company	-	-
Fellow subsidiaries	-	-
Total	**-**	**-**

The receivables from related parties arise mainly from sales transactions and are due 1-2 months after the date of sales. The receivables are unsecured in nature and bear no interest. No provisions are held against receivables from related parties.

Particulars	**As at March 31, 2019**	**As at March 31, 2018**
Advance to related parties		
Parent company	95,98,77,932	57,77,38,473
Fellow subsidiaries	-	94,60,542
Total	**95,98,77,932**	**58,71,99,015**

Particulars	**As at March 31, 2019**	**As at March 31, 2018**
Due to related parties		
Parent company	-	-
Fellow subsidiaries	6,71,93,37,042	6,01,85,33,715
Total	**6,71,93,37,042**	**6,01,85,33,715**

(e) Loans From/To related parties

Particulars	**As at March 31, 2019**	**As at March 31, 2018**
Loan from related parties		
Parent company	-	-
Fellow subsidiaries	3,181	
Total	**3,181**	**-**

2.24 The previous year's figures have been regrouped and reclassified wherever necessary.

For Shridhar & Associates
Chartered Accountants
Firm Registration No. : 134427W

For FLAG Telecom Japan Limited

Jitendra Sawjiany
Partner
Membership Number: 050980

Place : Mumbai
Date : 22nd May 2019

Girish Kulai
Director

Place :
Date : 21st May 2019

Chihiro Niikura
Director

Place:
Date: 21st May 2019

Independent Auditors' Report

To the Board of Directors of FLAG Telecom Singapore Pte. Limited

Report on the Ind AS Financial Statements

Opinion

We have audited the accompanying standalone Ind AS financial statements of **FLAG Telecom Singapore Pte. Limited**("the Company"), which comprise the Balance Sheet as at 31st March, 2019, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the 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 standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the state of affairs of the Company as at 31st March, 2019, and its profit/loss (including 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 in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013 ("the Act"). Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Ind AS 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 together with the ethical requirements that are relevant to our audit of the Ind AS financial statements 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 Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter

We draw your attention to note 2.08 of the notes to the financial statements where the company has negative net worth amounting to INR 84,72,09,450 for the year 2019 and INR 86,12,16,560 for the year 2018 (excluding loss on account of FCTR) . The financial statements are prepared under going concern assumption since the immediate parent company (Reliance Globalcom Limited, Bermuda) will continue to support the company in meeting its liabilities as they fall due within the coming 12 months.

The Reliance Globalcom Limited, Bermuda has confirmed its intention to continue to support the company for at least one year from the date of approval of these financial statements, by providing sufficient funds to enable it to meet its liabilities and obligations as they fall due. On this basis, the directors have concluded that it remains appropriate to prepare the financial statements on the going concern.

Our opinion is not qualifying in this matter.

Information Other than the Standalone Financial Statements and auditor's Report Thereon

Our opinion on the Ind AS 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 standalone Ind AS financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Ind AS financial statements or our knowledge obtained in the 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.

This report is issued for the information and use of the Board of directors of the Company and of Reliance Communications Limited, the holding company in India to comply with the financial reporting requirements in India and should not be used for any other purposes without our prior written consent.

Management's Responsibility for the Ind AS financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards ('Ind AS'), prescribed under section 133 of the Companies Act, 2013 ("the Act") read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015, the Companies (Indian Accounting Standards) Amendment Rules, 2016 and other provisions of the Act, to the extent notified and applicable as well as applicable guidance notes and pronouncements of the Institute of Chartered Accountants of India (the ICAI).

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 standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Audit of the Ind AS Financial Statements

Our responsibility is to express an opinion on these standalone Ind AS financial statements based on our audit.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the standalone Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the company has in place and adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the standalone Ind AS financial statements.

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.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone Ind AS financial statements.

For Shridhar& Associates
Chartered Accountants
Firm Registration No.134427W

Jitendra Sawjiany
Partner
Membership No.050980

Place: Mumbai
Date: 22nd May 2019

FLAG TELECOM SINGAPORE PTE LIMITED
Balance Sheet as at March 31, 2019

Particulars	Notes	As at March 31, 2019	Amount in INR As at March 31, 2018
ASSETS			
Non-current assets			
Property, plant and equipment	**2.01**	**10,09,00,254**	8,55,06,689
Other intangible assets	**2.02**	**7,07,34,007**	7,96,33,331
Financial assets			
Other Financial assets	**2.03**	**57,66,185**	-
Total Non-current assets		**17,74,00,446**	16,51,40,020
Current assets			
Financial assets			
Trade receivables	**2.04**	**15,67,17,146**	14,67,84,413
Cash and cash equivalents	**2.05**	**1,54,80,824**	55,75,586
Other Financial Assets	**2.06**	**14,98,68,928**	13,07,14,059
Other Current Assets	**2.07**	**81,28,622**	70,96,544
Total Current assets		**33,01,95,520**	29,01,70,602
Total Assets		**50,75,95,966**	45,53,10,622
EQUITY AND LIABILITIES			
Share Capital			
Equity share capital	**2.08**	**19,71,241**	18,57,793
Other Equity	**2.09**	**(97,54,51,776)**	(93,22,64,229)
Total Equity		**(97,34,80,535)**	(93,04,06,436)
LIABILITIES			
Non-current liabilities			
Other Non-current liabilities	**2.10**	**4,73,48,228**	5,24,44,257
		4,73,48,228	5,24,44,257
Current liabilities			
Financial liabilities			
Trade payables	**2.11**	**1,03,42,141**	5,39,67,020
Other Financial liabilities	**2.12**	**1,35,43,76,823**	1,21,59,99,128
Other Current liabilities	**2.13**	**6,90,09,309**	6,33,06,653
Total Current liabilities		**1,43,37,28,273**	1,33,32,72,801
Total Liabilities		**1,48,10,76,501**	1,38,57,17,058
Total Equity and Liabilities		**50,75,95,966**	45,53,10,622

Basis of Preparation **1**
Notes on Accounts **2**
The Notes referred to above form an integral part of the Financial Statements.

As per our report of even date attached

For Shridhar & Associates
Chartered Accountants
Firm Registration No.: 134427W

For Flag Telecom Singapore Pte Limited

Jitendra Sawjiany
Partner
Membership No. 050980

Nishit Bangdiwala
Director

Toh Weng Cheong
Director

Place: Mumbai
Date: 22nd May 2019

Place: Mumbai
Date: 21st May 2019

Place: Mumbai
Date: 21st May 2019

FLAG TELECOM SINGAPORE PTE LIMITED
Statement of Profit and loss for the year ended March 31, 2019

Amount in INR

Particulars	Note	For the year ended March 31,2019	For the year ended March 31, 2018
INCOME			
Revenue from operations	**2.14**	**19,40,43,732**	21,05,78,208
Other income	**2.15**	**16,62,967**	15,34,846
Total Income		**19,57,06,699**	21,21,13,054
EXPENSES			
Network operation expenses	**2.16**	**14,46,16,611**	16,60,55,566
Employee benefits expense	**2.17**	**70,47,962**	64,12,161
Depreciation and amortization expense	**2.18**	**2,02,76,698**	1,82,47,388
Other expenses	**2.19**	**98,71,766**	1,10,68,468
Total Expenses		**18,18,13,037**	20,17,83,583
Profit / (Loss) before tax		**1,38,93,662**	1,03,29,471
Tax Expense			
-Current Tax		**-**	-
-Deferred Tax		**-**	-
Net profit / (loss) for the year		**1,38,93,662**	1,03,29,471
Other comprehensive income			
Items that may be subsequently reclassified to statement of profit or loss		**(5,70,81,209)**	(45,84,054)
Currency translation difference			
Other Comprehensive Income for the year		**(5,70,81,209)**	(45,84,054)
Total Comprehensive Income for the year		**(4,31,87,547)**	57,45,417
Earnings / (Loss) per share of each fully paid up			
- Basic and diluted earnings / (loss) per share	**2.21**	**278**	207

Basis of preparation **1**
Notes on Accounts **2**
The Notes referred to above form an integral part of the Financial Statements.

As per our report of even date attached

For Shridhar & Associates
Chartered Accountants
Firm Registration No.: 134427W

For Flag Telecom Singapore Pte Limited

Jitendra Sawjiany
Partner
Membership No. 050980

Nishit Bangdiwala
Director

Toh Weng Cheong
Director

Place: Mumbai
Date: 22nd May 2019

Place: Mumbai
Date: 21st May 2019

Place: Mumbai
Date: 21st May 2019

FLAG TELECOM SINGAPORE PTE LIMITED
Cash Flow Statement from April 1, 2018 to March 31,2019

Amount in INR

Particulars	For the year ended March 31,2019	For the year ended March 31, 2018
A) CASH FLOW FROM OPERATING ACTIVITIES:		
Profit/(Loss) Before Tax	**1,38,93,662**	1,03,29,471
Adjustments for:		
Provision for Doubtful Debts		
Depreciation and Amortisation	**2,02,76,698**	1,82,47,388
Effects of exchange difference on translation of asset & liabilities	**(6,70,91,770)**	(53,83,528)
Interest Income		
Finance Charges		
	(4,68,15,072)	1,28,63,860
Operating Profit before Working Capital Changes	**(3,29,21,410)**	2,31,93,331
Adjustments for:		
Decrease / (Increase) in other non-current assets	**-**	40,54,900
(Increase)/ Decrease in Other Non Current Financial assets	**(57,66,185)**	38,77,212
(Increase)/ Decrease in Trade Receivables	**(99,32,733)**	(4,60,76,416)
(Increase)/ Decrease in Other Financila assets	**(1,91,54,869)**	(6,39,33,225)
(Increase)/ Decrease in Other Current assets	**(10,32,078)**	(41,08,941)
Increase/ (Decrease) in Other Non Current Liabilities	**(50,96,029)**	(78,49,532)
Increase/ (Decrease) in Trade Payable	**(4,36,24,879)**	(74,19,236)
Increase/ (Decrease) in Other Current Financial Liabilities	**13,83,77,695**	5,69,74,762
Increase/ (Decrease) in Other Current Liabilities	**57,02,656**	6,63,067
	5,94,73,578	(6,38,17,409)
Cash generated from / (used in) operations	**2,65,52,168**	(4,06,24,079)
Income Taxes Paid	**-**	-
Net Cash Generated from Operating Activities (A)	**2,65,52,168**	(4,06,24,079)
B) CASH FLOW FROM INVESTING ACTIVITIES:		
Purchase of property, plant and equipment and intangible assets (including capital work-in-progress)	**(1,66,46,930)**	(1,58,94,782)
Interest Received	**-**	-
Investment in Subsidiaries	**-**	-
Sale of Subsidiaries	**-**	-
Profit/Loss on Sale of LT Invt-Equity S	**-**	-
Net Cash Used in Investing Activities (B)	**(1,66,46,930)**	(1,58,94,782)
C) CASH FLOW FROM FINANCING ACTIVITIES:		
Interest Paid	**-**	-
Issue of Equity Share	**-**	-
Loan given	**-**	-
Loan taken/ (repayment)		
Short Term Borrowing from bank	**-**	-
Application money pending allotement	**-**	-
Net Cash Used in Financing Activities (C)	**-**	-
Net Increase/ (Decrease) in Cash and Cash Equivalents (A+B+C)	**99,05,238**	(5,65,18,860)
Cash and Cash Equivalents at the Beginning of the Year	**55,75,586**	6,20,94,447
Cash and Cash Equivalents at the End of the Year	**1,54,80,825**	55,75,586

As per our report of even date attached

For Shridhar & Associates
Chartered Accountants
Firm Registration No.: 134427W

For Flag Telecom Singapore Pte Limited

FLAG TELECOM SINGAPORE PTE LIMITED
Statement of changes in equity for the year ended March 31, 2019

Equity attributable to shareholders

Particulars	Share capital	Reserves and Surplus	Other Comprehensive Income
		Retained Earnings	Exchange Fluctuation Reserve*
Balance as at 01.04.2017	18,48,528	(87,34,03,824)	(6,46,05,822)
Surplus/ (Deficit) of Statement of Profit and Loss		1,03,29,471	
Movement in FCMITDA			-
Exchange variance	9,265		(45,84,054)
Balance as at 31.03.2018	**18,57,793**	**(86,30,74,353)**	**(6,91,89,876)**
Surplus/ (Deficit) of Statement of Profit and Loss		1,38,93,662	
Exchange variance	1,13,448		(5,70,81,209)
Balance as at 31.03.2019	**19,71,241**	**(84,91,80,691)**	**(12,62,71,085)**

As per our report of even date attached

For Shridhar & Associates
Chartered Accountants
Firm Registration No.: 134427W

Jitendra Sawjiany
Partner
Membership No. 050980

Place: Mumbai
Date: 22nd May 2019

FLAG TELECOM SINGAPORE PTE LIMITED
Notes to the Financial Statements

2.01 Property, Plant & Equipment

Particulars	Leasehold improvements	Network Assets
Gross carrying value		
As at April 1, 2018	99,983	19,85,83,205
Additions	-	1,69,85,394
Disposals		(3,38,463)
Exchange differences	6,106	1,19,45,560
As at March 31, 2019	**1,06,089**	**22,71,75,696**
Accumulated depreciation		
As at April 1, 2018	99,983	11,30,76,516
Depreciation	-	63,63,014
Disposal / adjustments		
Exchange differences	6,106	68,35,916
As at March 31, 2019	**1,06,089**	**12,62,75,446**
Closing net carrying value As at March 31, 2019	**-**	**10,09,00,250**
Gross carrying value As at March 31, 2019	1,06,089	22,71,75,696
Accumulated depreciation	1,06,089	12,62,75,446
Closing net carrying value As at March 31, 2019	**-**	**10,09,00,250**

Particulars	Leasehold improvements	Network Assets
Gross carrying value		
As at April 1, 2017	99,484	18,15,98,532
Additions	-	1,58,94,782
Disposals	-	-
Exchange differences	499	10,89,891
As at March 31, 2018	**99,983**	**19,85,83,205**
Accumulated depreciation		
As at April 1, 2017	99,484	10,70,53,091
Depreciation	-	54,25,552
Disposal / adjustments	-	-
Exchange differences	499	5,97,873
As at March 31, 2018	**99,983**	**11,30,76,516**
Closing net carrying value As at March 31, 2018	**-**	**8,55,06,689**
Gross carrying value As at March 31, 2018	99,983	19,85,83,205
Accumulated depreciation	(99 983)	(11 30 76 516)
Closing net carrying value As at March 31, 2018	**-**	**8,55,06,689**

FLAG TELECOM SINGAPORE PTE LIMITED

Notes to the Financial Statements

2.02 Other intangible assets

Amount in INR

Particulars	Indefeasible Right of Use	Total
Gross carrying value		
As at April 1, 2018	19,44,59,130	19,44,59,130
Additions	-	-
Disposals		-
Exchange diff	1,18,74,911	1,18,74,911
As at March 31, 2019	**20,63,34,041**	**20,63,34,041**
As at April 1, 2018	11,48,25,799	11,48,25,799
Depreciation	1,39,13,685	1,39,13,685
Disposal / adjustments		-
Exchange diff	68,60,550	68,60,550
As at March 31, 2019	**13,56,00,034**	**13,56,00,034**
Closing net carrying value as at March 31, 2019	**7,07,34,007**	**7,07,34,007**
Gross carrying value As at March 31, 2019	20,63,34,041	20,63,34,041
Accumulated depreciation	13,56,00,034	13,56,00,034
Closing net carrying value as at March 31, 2019	**7,07,34,007**	**7,07,34,007**

Amount in INR

Particulars	Indefeasible Right of Use	Total
Gross carrying value		
As at April 1, 2017	19,34,89,445	19,34,89,445
Additions	-	-
Disposals	-	-
Currency translation difference	9,69,685	9,69,685
As at March 31, 2018	**19,44,59,130**	**19,44,59,130**
As at April 1, 2017	10,13,50,997	10,13,50,997
Depreciation	1,28,21,837	1,28,21,837
Disposal / adjustments	-	-
Currency translation difference	6,52,965	6,52,965
As at March 31, 2018	**11,48,25,799**	**11,48,25,799**
Closing net carrying value as at March 31, 2018	**7,96,33,331**	**7,96,33,331**
		-
Gross carrying value As at March 31, 2018	19,44,59,130	19,44,59,130
Accumulated depreciation	(11,48,25,799)	(11,48,25,799)
Closing net carrying value as at March 31, 2018	**7,96,33,331**	**7,96,33,331**

FLAG TELECOM SINGAPORE PTE LIMITED
Notes to the Financial Information

		As at March 31,2019	As at March 31, 2018
2.03	**Other Financial assets**		
	Deposits	**57,66,185**	-
		57,66,185	-
2.04	**Trade receivables**		
	Current		
	Unsecured		
	Considered Good	**15,67,17,146**	14,67,84,413
	Considered Doubtful	**-**	-
		15,67,17,146	14,67,84,413
	Less: Allowance for doubtful debts	**-**	-
	Less: Provision for credit notes	**-**	-
	Total	**15,67,17,146**	14,67,84,413
2.05	**Cash and cash equivalents**		
	Balance with Banks		
	- Current Accounts	**1,54,80,824**	55,75,586
	Total	**1,54,80,824**	55,75,586
2.06	**Other Financial Assets**		
	Current		
	Advances to related parties	**14,79,58,135**	12,34,78,905
	Deposits	**19,10,793**	72,35,154
	Total	**14,98,68,928**	13,07,14,059
2.07	**Other Current Assets**		
	Prepaid Expenses	**57,23,986**	52,55,501
	Balances with Government Authorities	**24,04,636**	18,41,043
	Total	**81,28,622**	70,96,544

2.08 Equity
Share capital

	As at March 31,2019	As at March 31, 2018
Authorised	**37,15,586**	37,15,586
Issued, subscribed & fully paid up (SGD 1 per share)	**19,71,241**	18,57,793
Total	**19,71,241**	18,57,793

i. Movement in share capital

	No. of Shares	Amount in INR
As at April 1, 2017	**50,000**	18,48,528
Issued during the year	**-**	
Foreign currency translation reserve		9,265
As at March 31, 2018	**50,000**	18,57,793
Issued during the year	**-**	-
Foreign currency translation reserve		1,13,448
As at March 31, 2019	**50,000**	19,71,241

ii. Rights, preferences and restriction attached to the shares

The Company has only ordinary shares having a par value of SGD 1 each per share . Each holder of shares is entitled to one vote per share. In the event of liquidation of the Company, the holder of shares will be entitled to receive remaining assets of the Company. The distribution will be in proportion to the number of shares held by the shareholder.

iii. Shares of the company held by holding/ultimate holding company

FLAG TELECOM SINGAPORE PTE LIMITED
Notes to the Financial Information

Amount in INR

		For the year ended March 31, 2019	For the year ended March 31, 2018
2.14	**Revenue from operations**		
	Indefeasible right of use	**87,44,665**	87,92,484
	Lease capacity services	**9,26,52,280**	4,88,13,710
	Operation and maintenance services	**6,94,67,987**	6,44,16,610
	Internet protocol	**2,31,78,800**	1,19,89,054
	Network service revenue	**-**	7,65,66,350
		19,40,43,732	21,05,78,208
2.15	**Other income**		
	Provision/ Liabilities written back to the extent no longer required	**16,62,967**	13,85,073
	Miscellaneous Income	**-**	1,49,773
		16,62,967	15,34,846
2.16	**Network operation expenses**		
	Equipment maintenance and support	**39,39,594**	55,75,540
	Landing stations and point of presence costs	**3,98,60,004**	3,73,29,199
	Terrestrial cable, inland amplifier and regenerator sites	**4,94,32,628**	8,89,59,669
	Local tails	**4,43,08,453**	2,92,35,470
	Internet protocol	**48,62,951**	49,55,688
	Network service cost	**22,12,981**	-
		14,46,16,611	16,60,55,566
2.17	**Employee benefits expense**		
	Salaries, wages and bonus	**67,09,751**	61,13,937
	Contribution to Provident and other funds	**6,776**	6,289
	Staff welfare expenses	**3,31,435**	2,91,935
		70,47,962	64,12,161

2.18 Depreciation and amortization expense

Depreciation on Tangible assets	**63,63,014**	54,25,551
Less:recoupment from revaluation reserve	**-**	-
Net Depreciation on tangible assets	**63,63,014**	54,25,551
Amortisation of Intangible assets	**1,39,13,684**	1,28,21,837
	2,02,76,698	1,82,47,388

2.19 Other expenses

Legal fees	**16,01,659**	9,14,128
Professional charges	**27,90,914**	31,46,095
Licensing and regulatory fees	**41,85,960**	38,06,084
Travel and entertainment	**77,159**	1,34,548
Communication	**60,380**	66,704
Bank charges	**2,10,284**	33,007
Payment to auditors	**1,05,038**	14,84,281

1.01 General Information

The principal activities of FLAG Telecom Singapore PTE Limited (the "Company") are providing of telecommunication services, sales and marketing support services to its fellow subsidiaries and an intermediate holding company, and the operation of a fiber optic telecommunications network in Singapore. The Company is licensed by the Info-Communications Development Authority of Singapore (“IDA”) to carry out these activities.

1.02 SIGNIFICANT ACCOUNTING POLICIES

a) Basis of Preparation of Financial Statements

The financial statements are prepared under historical cost convention in accordance with generally accepted accounting principles (GAAP) in India and in compliance with the Indian Accounting Standards (Ind AS) specified under section 133 to the Companies Act, 2013 read with Companies (Indian Accounting Standard) Rules, 2015 as notified/ amended by Ministry of Corporate Affairs, Government of India.

All assets and liabilities have been classified as current or non-current as per the Company’s normal operating cycle. Based on the nature of the services and their realization in cash and cash equivalents, the Company has ascertained its operating cycle as twelve months for the purpose of current – non-current classification of assets and liabilities.

Financial Statements have been prepared on a going concern basis and financial support as may be required, shall be extended by associates and / or parent company.

Financial Statements have been prepared on a going concern basis.

The Company has applied the following standards and amendments for the first time for their annual reporting period commencing April 1, 2018:

- Ind AS 115 Revenue from Contracts with Customers
- Amendment to Ind AS 21- Foreign Currency Transactions and Advance Consideration

The adoption of the above new standards, amendment and interpretation did not have material impact on these financial statements. There are no other Ind AS amendments that are effective that would be expected to have a material impact on the Company’s Financial Statements.

Standards and amendments issued and not yet effective

The following standards and amendments, which were in issue but not yet effective and have not been early adopted by the Company.

Ind AS 116 - Leases

Ind AS 116 is applicable from annual periods beginning on or after April 1, 2019. It will replace previous lease standard Ind AS 17. Ind AS 116 sets out the principles for recognition, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to accounting for finance leases under Ind AS 17. The standard includes two recognition exemption for leases: leases of 'low-value' assets and short-term leases. At the commencement date of a lease, a lessee will recognise a liabilityto make lease payments and an asset representing right to use the underlying asset during the lease term. Lessor accounting under Ind AS 16 is substantially unchanged from today's accounting under Ind AS 17.

Appendix C to Ind AS 112 -'Uncertainty over Income tax treatments'

This Appendix explains how to recognize and measure deferred and current tax assets and liabilities where there is uncertainty over a tax treatment. It provides a framework to consider, recognize and measure the accounting impact of tax uncertainties. This Appendix is applicable for annual periods beginning on or after April 1, 2019.
The company is evaluating the impact of the new standard and amendment on the financial position and results of operation. There are no other standards that are not yet effective and that would be expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions

b) Foreign Currency

i) Foreign Currency Transactions

Initial Recognition

On initial recognition, all foreign currency transactions are recorded by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

Subsequent Recognition

As at the reporting date, non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction. All non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined. All monetary assets and liabilities in foreign currency are restated at the end of accounting period. The resulting foreign exchange gains and losses are recognized in the Statement of Profit and loss on a net basis.

ii) Translation into Presentation Currency

The financial statements are translated into presentation currency which is Indian Rupees. Foreign exchange gains and losses resulting from translation into presentation currency are recognized in Other Comprehensive Income

c) Property, plant and equipment

Recognition and measurement

Property, plant and equipment consists of network assets, leasehold improvements, computers and office equipment, vehicles, furniture and fittings.
Property, plant and equipment are stated at cost, net of accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the assets.

Subsequent expenditure

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the Statement of Profit and Loss during the financial period in which they are incurred.

Depreciation

Depreciation on all assets is calculated so as to write-down the cost of property, plant and equipment to its residual value over its estimated useful life. Estimated useful lives, residual values and depreciation methods are reviewed annually, taking into account commercial and technological obsolescence as well as normal wear and tear.
Depreciation is recorded on a straight-line basis over the estimated useful lives of the property, plant and equipment as follows:

Network assets..the shorter of 15 to 25 years or remaining useful lives
Leasehold improvements...............................over the period of lease
Computers and office equipment....................3 to 6 years
Vehicles……………………………………….5 years
Furniture and fittings…...................................3 to 7 years

The estimated useful lives of network assets are determined based on the estimated period over which they will generate revenue. Depreciation on any capitalisation due to modifications, improvements of the assets is restricted to the remaining useful life of the fixed asset.
Any gain or loss on disposal of an item of property, plant and equipment is recognised in statement of profit or loss.

Capital work in Progress

Costs incurred prior to the capital project's completion are reflected as capital-work-in-progress, which is transferred to property, plant and equipment at the date the project is complete. Capital-work-in-progress is stated at cost.

d) Intangible Assets

Indefeasible Right of Use (IRU)

IRU are amortised over their estimated useful lives of 5 to 25 years on straight line basis. The estimated useful life of IRUs is based on the contractual terms of the respective contracts.

Intangible Assets under Development
Intangible assets not ready for the intended use on the date of the Balance Sheet are disclosed as "intangible assets under development".

e) Impairment of Non-Financial assets

Non-financial assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non- financial assets that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

f) Financial Instruments

Financial instruments are recognised when the Company becomes a party to the contractual provisions of the instrument.

(a) Investments and other Financial Assets

(I) Classification
The Company classifies its financial assets in the following measurement categories:

a) those to be measured subsequently at fair value (either through other comprehensive income, or through Statement of profit and loss); and
b) those to be measured at amortised cost.

The classification depends on the Company’s business model for managing the financial assets and the contractual terms of the cash flows.
For assets measured at fair value, gains and losses will either be recorded in Statement of profit and loss or other comprehensive income (‘OCI’).

(II) Measurement

At initial recognition, the Company measures a financial asset at its fair value. Transaction costs of financial assets carried at fair value through the statement of profit and loss are expensed in the statement of profit and loss.

(III) Derecognition of financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the assets expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of the transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

(IV) Impairment of financial assets

The Company recognizes loss allowances using the expected credit loss (ECL) model for the financial assets which are not fair valued through profit or loss. Loss allowance for trade receivables with no significant financing component is measured at an amount equal to lifetime ECL. For all other financial assets, expected credit losses are measured at an amount equal to the 12-month ECL, unless there has been a significant increase in credit risk from initial recognition in which case those are measured at lifetime ECL. The amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognised as an impairment gain or loss in statement of profit or loss.

(b) Financial Liabilities
The Company determines the classification of its financial liabilities at initial recognition.

(I) Classification
The financial liabilities are classified in the following measurement categories:

a) those to be measured as financial liabilities at fair value through profit or loss,
b) those to be measured at amortised cost.

(II) Initial recognition and measurement

Financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. Financial liabilities are initially measured at the amortised cost unless at initial recognition, they are classified as fair value through profit and loss.

(III) Subsequent measurement

Financial liabilities are subsequently measured at amortised cost using the effective interest rate method. Financial liabilities carried at fair value through profit or loss are measured at fair value with all changes in fair value recognised in the statement of profit and loss.

(IV) Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the Statement of profit and loss.

g) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counter party.

h) Trade receivables

Trade receivables are amounts due from customers for services performed in the ordinary course of business. If collection is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at fair value. They are subsequently measured at amortised cost (net of allowance for impairment) using the effective interest method, if the effect of discounting is considered material.

i) Cash and Cash Equivalents

In the statement of cash flows, cash and cash equivalents include cash in hand, demand deposits with banks, other short-term highly liquid investments with original maturities of three months or less and that are readily convertible to known amount of cash and cash equivalent and bank overdrafts.

j) Share Capital

Ordinary Common Shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

k) Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified under current liabilities if payment is due within one year or less. If not, they are presented under non-current liabilities.
Trade payables are recognised initially at fair value and subsequently measured at amortised cost using effective interest rate method.

l) Provisions and Contingent Liabilities

Provisions are recognised when there is a present legal or constructive obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and there is a reliable estimate of the amount of the obligation. Provisions are measured at the best estimate of the expenditure required to settle the present obligation at the Balance Sheet date and are not discounted to its present value.

Contingent Liabilities: Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made.

m) Current and deferred Tax

Tax expense for the period, comprising current tax and deferred tax, are included in the determination of the net profit or loss for the period. Current tax is measured at the amount expected to be paid to the tax authorities in accordance with the taxation laws prevailing in the respective jurisdictions.
Deferred tax is recognized, using the liability method, for all the temporary differences, subject to the consideration of prudence in respect of deferred tax assets. Deferred tax assets are recognised and carried forward only to the extent that it is probable that sufficient future taxable income will be available against which such deferred tax assets can be realised. However, where there is unabsorbed depreciation or carry forward loss, the deferred tax asset is recognised and carried forward only to the extent that it is probable that the assets will be realised in future. Deferred tax assets and liabilities are measured using the tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date. At each Balance Sheet date, the Company re-assesses unrecognised deferred tax asset if any.

Current tax assets and current tax liabilities are offset when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle the asset and the liability on a net basis. Deferred tax assets and deferred tax liabilities are offset when there is a legally enforceable right to set off assets against liabilities representing current tax and where the deferred tax assets and the deferred tax liabilities relate to taxes on income levied by the same governing taxation laws.

n) Revenue Recognition

The Company has adopted Ind AS 115 Revenue from Contracts with Customers with a date of initial application of April 1, 2018. As a result, the Group has updated its accounting policy for revenue recognition as detailed below.

The Company has applied Ind AS 115 using the cumulative effect method and therefore the comparative information has not been restated and continues to be reported under Ind AS 18 .

Company recognizes revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and when specific criteria have been met for Company's activities as described below. Revenue is measured at the fair value of the consideration receivable and represents amount receivable for services rendered, net of taxes, expected variable consideration, price reductions and rebates. The company uses expected value method or most likely amount method to estimate the amount of variable consideration.

Where the contracts include multiple performance obligations, the transaction price will be allocated to each performance obligation based on the stand- alone selling prices. Where these are not directly observable, they are estimated based on market assessment approach.

Indefeasible Right of Use

The Company sells Right of Use (ROU) that provide customers with network capacity, typically over a 10 to 15 year period without transferring the legal title or giving an option to purchase the network capacity. Revenue from cancellable ROU arrangements are accounted as operating lease and recognized over the life of the contract.

Internet Protocol Services

The Company recognises internet protocol revenue over the term of the contract. Fees related to activation of services are deferred and recognised over the expected term of the related service agreement.

International Private Leased Circuits

International Private Leased Circuits include lease capacity services and restoration service for other network operators. The customer typically pays the charges for these services periodically over the life of the contract, which may be up to three years. Revenue is recognized in the Company's Statement of Profit and Loss over the term of the contract.

Operations and Maintenance Services

The Company provides operation and maintenance services over the life of the capacity contract, for which the Company receives Operation and Maintenance charges. Operation and maintenance charges are invoiced separately from capacity sales. Revenues relating to maintenance are recognized over the period in which the service is provided.

Network service revenue

Transfer pricing is based on provisions contained in Organization for Economic Co-operation & Development (the OECD guidelines).

o) Deferred Revenue

Deferred Revenue represents income billed in accordance with the contract but not recognised in Statement of Profit and Loss as at the Balance Sheet date. Deferred Revenue net of the amount recognizable beyond one year is disclosed as unearned income in non-current liabilities and the amount recognizable within one year is disclosed as deferred revenue in current liabilities.

p) Accrued Income

Where the services are performed prior to billing, unbilled debtors is recognized in other current assets.

q) Employee Benefits

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the Balance Sheet.

Eligible employees of the company are covered by defined contribution pension plan. Contribution to the plan is generally based on each employee's eligible compensation and years of service and is based on the local regulations. The schemes are funded through payments to insurance companies as defined contribution plans. In some defined contribution retirement plan, eligible employees may contribute amounts to the plan, via payroll withholding, subject to certain limitations.

r) Use of Estimates

The presentation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of Balance Sheet and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognized in the year in which the results are known / materialized.

s) Earnings Per Share

i) Basic earnings per share

Basic earnings per share is calculated by dividing:
- the profit attributable to owners of the company
- by the weighted average number of equity shares outstanding during the financial year, adjusted for bonus elements in equity shares issued during the year.

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:
- the after income tax effect of interest and other financing costs associated with dilutive potential equity shares, and
- the weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

2.20 Segment Reporting

The RGL Group is being geared to provide the customers with a composite service tailored to their industry or their specific needs like cost optimization or increased speed of reach, which in-turn involves leveraging a combination of the assets and service capabilities of RGL Group. The Group CEO of RGL along with steering committee performs the function of Chief Operating Decision Maker ('CODM'). The RGL Group has a single operating segment, viz. Data Services Business. The Data Services Business of RGL Group provides an integrated service to its global customers.

The CODM reviews the segment results at a combined level for all regions and businesses, when assessing the RGL Group's overall performance and deciding the manner in which to allocate resources.

Further, when a composite service is offered to a customer, while the billing may be done in one jurisdiction the services in-turn would be sought or assets used would be from different legal entities within the RGL Group domiciled in different geographies. Therefore, it is impracticable to meaningfully disclose service revenue by geographical locations.

2.21 Earnings Per Share

Amount in ₹ except number of shares

	Particulars	**Year ended March 31, 2019**	Year ended March 31, 2018
A	Profit for the year attributable to shareholders	**1,38,93,662**	1,03,29,471
B	Weighted average number of share of SGD 1 each used as denominator for calculating Basic and Diluted EPS	**50,000**	50,000
C	Basic and Diluted Earnings per Share (A/B)	**278**	207

2.22 Notes to Foreign Currency Translation Reserve

The amounts relating to Balance Sheet items appearing in Indian Rupees have been translated at Closing Rate of 1 USD = ₹ 69.155 (March 31 2018 1 USD = ₹ 65.175) and items relating to profit and loss have been translated at average rate of 1 USD = ₹ 69.916 (Previous year 1 USD = ₹ 64.446).

The amounts have been converted in INR to comply with the financial reporting requirement in India.

2.23 Related Party Transactions

In accordance with Indian Accounting Standard 24 "Related Party Disclosures" issued by the Institute of Chartered Accountants of India, the company's related parties and transactions are disclosed below which are in ordinary course of business and at arms' length basis:

List of related parties:

(a) **Parent company**

i. Reliance Communications Limited
ii. Reliance Globalcom Limited

(b) **Related parties with whom transactions have taken place**

i. Reliance Globalcom Limited
ii. FLAG Telecom Japan Limited

iii. Reliance FLAG Telecom Ireland DAC

(c) Sales of services

Particulars	**For the year ended March 31, 2019**	**For the year ended March 31, 2018**
Service Revenue		
Parent company	-	-
Fellow subsidiaries	-	8,41,17,880
Total	**-**	**8,41,17,880**

Sales of services are negotiated with related parties on a cost-plus basis and are determined on the basis of market price.

(d) Purchases of services

Particulars	**For the year ended March 31, 2019**	**For the year ended March 31, 2018**
Network Operating Expenses		
Parent company	-	-
Fellow subsidiaries	22,12,981	-
Total	**22,12,981**	**-**

Purchases of services are negotiated with related parties on a cost-plus basis and are determined on the basis of market price.

(d) Year-end balances arising from sales/purchases of services

Particulars	**As at March 31, 2019**	**As at March 31, 2018**
Advance to related parties		
Parent company	-	-
Fellow subsidiaries	14,79,58,134	12,34,78,905
Total	**14,79,58,134**	**12,34,78,905**

FLAG Telecom Singapore Pte Limited

Notes Forming part of the Financial Statements for the year ended March 31, 2019

Particulars	As at March 31, 2019	As at March 31, 2018
Due to related parties		
Parent company	1,34,41,89,076	1,21,49,34,511
Fellow subsidiaries	12,54,238	10,64,617
Total	**1,34,54,43,314**	**1,21,59,99,128**

2.24 The previous year's figures have been regrouped and reclassified wherever necessary.

For Shridhar & Associates
Chartered Accountants
Firm Registration No. : 134427W

For FLAG Telecom Singapore Pte Limited

Jitendra Sawjiany
Partner
Membership Number: 050980

Place : Mumbai
Date : 22nd May 2019

Nishit Bangdiwala
Director

Place :
Date : 21st May 2019

Toh Weng Cheong
Director

Place :
Date : 21st May 2019

Independent Auditors' Report

To the Board of Directors of Seoul Telenet Inc.

Report on the Ind AS Financial Statements

Opinion

We have audited the accompanying standalone Ind AS financial statements of **Seoul Telenet Inc.**("the Company"), which comprise the Balance Sheet as at 31st March, 2019, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the 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 standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the state of affairs of the Company as at 31st March, 2019, and its profit/loss (including 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 in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013 ("the Act"). Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Ind AS 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 together with the ethical requirements that are relevant to our audit of the Ind AS financial statements 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 Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter

We draw your attention to note 2.08 of the notes to the financial statements where the company has negative net worth amounting to INR 77,03,09,793 for the year 2019 and INR 85,28,93,947 for the year 2018 (excluding loss on account of FCTR) . The financial statements are prepared under going concern assumption since the immediate parent company (Reliance Globalcom Limited, Bermuda) will continue to support the company in meeting its liabilities as they fall due within the coming 12 months.

The Reliance Globalcom Limited, Bermuda has confirmed its intention to continue to support the company for at least 12 months from the date of approval of these financial statements, by providing sufficient funds to enable it to meet its liabilities and obligations as they fall due. On this basis, the directors have concluded that it remains appropriate to prepare the financial statements on the going concern.

Information Other than the Standalone Financial Statements and auditor's Report Thereon

Our opinion on the Ind AS 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 standalone Ind AS financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Ind AS financial statements or our knowledge obtained in the 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.

This report is issued for the information and use of the Board of directors of the Company and of Reliance Communications Limited, the holding company in India to comply with the financial reporting requirements in India and should not be used for any other purposes without our prior written consent.

Management's Responsibility for the Ind AS financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards ('Ind AS'), prescribed under section 133 of the Companies Act, 2013 ("the Act") read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015, the Companies (Indian Accounting Standards) Amendment Rules, 2016 and other provisions of the Act, to the extent notified and applicable as well as applicable guidance notes and pronouncements of the Institute of Chartered Accountants of India (the ICAI).

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 standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Audit of the Ind AS Financial Statements

Our responsibility is to express an opinion on these standalone Ind AS financial statements based on our audit.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the standalone Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the company has in place and adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the standalone Ind AS financial statements.

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.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone Ind AS financial statements.

For Shridhar& Associates
Chartered Accountants
Firm Registration No.134427W

Jitendra Sawjiany
Partner
Membership No.050980

Place: Mumbai
Date: 22nd May 2019

SEOUL TELENET INC.
Balance Sheet as at March 31, 2019

Particulars	Notes	As at March 31, 2019	Amount in INR As at March 31, 2018
ASSETS			
Non-Current Assets			
Property, plant and equipment	**2.01**	**42,96,92,630**	42,57,34,313
Other intangible assets	**2.02**	**39,743**	40,389
Deferred tax assets (net)	**2.03**	**5,06,89,094**	-
Total Non-current assets		**48,04,21,467**	42,57,74,702
Current Assets			
Financial assets			
Trade receivables	**2.04**	**1,97,08,128**	2,30,34,919
Cash and cash equivalents	**2.05**	**1,97,99,280**	4,58,74,699
Other Financial Assets	**2.06**	**3,18,58,062**	34,91,840
Other Current assets	**2.07**	**2,78,77,132**	24,27,387
Total Current assets		**9,92,42,602**	7,48,28,845
Total Assets		**57,96,64,069**	50,06,03,547
EQUITY AND LIABILITIES			
Share Capital			
Equity share capital	**2.08**	**15,66,71,953**	14,76,55,188
Other Equity			
Reserves & surplus	**2.08**	**(92,69,81,746)**	(1,00,05,49,135)
Other reserves		**(15,78,31,618)**	(9,04,09,978)
Equity attributable to shareholders	**2.08**	**(92,81,41,411)**	(94,33,03,925)
Total equity		**(92,81,41,411)**	(94,33,03,925)
LIABILITIES			
Non-current liabilities			
Provisions	**2.09**	**6,14,01,146**	5,00,94,913
Other Non-current liabilities	**2.10**	**7,30,11,557**	8,04,16,330
Total Non-current liabilities		**13,44,12,703**	13,05,11,243
Current liabilities			
Financial liabilities			
Trade payables	**2.11**	**3,28,20,624**	3,11,03,294
Other Financial liabilities	**2.12**	**1,29,14,01,960**	1,22,64,78,310
Other Current liabilities	**2.13**	**4,91,70,193**	5,58,14,625
Total Current liabilities		**1,37,33,92,777**	1,31,33,96,229
Total Liabilities		**1,50,78,05,480**	1,44,39,07,472
Total Equity and Liabilities		**57,96,64,069**	50,06,03,547

Basis of Preparation **1**
Notes on Accounts **2**
The Notes referred to above form an integral part of the Financial Statements.

As per our report of even date attached

For Shridhar & Associates
Chartered Accountants
Firm Registration No.: 134427W

Jitendra Sawjiany
Partner
Membership No. 050980

Place: Mumbai
Date: 22nd May 2019

For Seoul Telenet Inc.

Girish Kulai
Director

Place: Mumbai
Date: 21st May 2019

Fabrizio Civitarese
Director

Place: Mumbai
Date: 21st May 2019

SEOUL TELENET INC.
Statement of Profit and loss for the year ended March 31, 2019

Amount in INR

Particulars	Note	For the year ended March 31, 2019	For the year ended March 31, 2018
INCOME			
Revenue from operations	**2.14**	**33,32,12,689**	25,49,49,435
Other income	**2.15**	**33,954**	3,93,52,936
Total Income		**33,32,46,643**	29,43,02,371
EXPENSES			
Network operation expenses	**2.16**	**18,00,65,552**	16,59,36,474
Employee benefits expense	**2.17**	**7,83,41,133**	6,83,98,205
Finance Charges		**-**	-
Depreciation and amortization expense	**2.18**	**3,11,32,725**	3,14,12,640
Other expenses	**2.19**	**2,13,86,734**	1,96,17,365
Total Expenses		**31,09,26,144**	28,53,64,684
Profit before tax		**2,23,20,499**	89,37,687
Tax Expense			
-Current Tax (Refund)/Paid		**(5,12,46,890)**	-
-Deferred Tax		**-**	-
Net profit for the year		**7,35,67,389**	89,37,687
Earnings per Share of each fully paid up			
- Basic and diluted earnings per share	**2.21**	**122.61**	14.90
Basis of preparation	**1**		
Notes on Accounts	**2**		

The Notes referred to above form an integral part of the Financial Statements.

As per our report of even date attached

For Shridhar & Associates
Chartered Accountants
Firm Registration No.: 134427W

Jitendra Sawjiany
Partner
Membership No. 050980

Place: Mumbai
Date: 22nd May 2019

For Seoul Telenet Inc.

Girish Kulai
Director

Place: Mumbai
Date: 21st May 2019

Fabrizio Civitarese
Director

Place: Mumbai
Date: 21st May 2019

SEOUL TELENET INC.
Statement of Cash flows for the year ended March 31, 2019

Amount in INR

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
A) CASH FLOW FROM OPERATING ACTIVITIES:		
Profit before tax	**2,23,20,499**	89,37,687
Adjustments for:		
Depreciation and amortisation expense	**3,11,32,725**	3,14,12,640
Effects of exchange difference on translation of asset & liabilities	**(8,46,47,954)**	(71,89,339)
Interest income	**(33,954)**	(24,347)
	(3,12,28,684)	3,31,36,641
Changes in working capital		
(Increase) in other non-current assets	**(2,83,66,222)**	7,96,419
Decrease/ (Increase) in trade receivables	**33,26,791**	(46,97,328)
(Increase) in other current financial assets	**-**	5,17,51,144
(Increase) / Decrease in other current assets	**(2,54,49,745)**	1,04,41,695
(Decrease) / Increase in other non-current liabilities	**39,01,460**	(1,56,83,443)
Increase in trade payables	**17,17,330**	(8,49,11,101)
Increase in other financial liabilites	**6,49,23,650**	13,51,22,467
Increase / (Decrease) in other current liabilities	**(66,44,432)**	11,20,119
Cash generated from / (used in) operations	**(1,78,19,852)**	12,70,76,613
Taxes paid (net of refunds)	**5,57,796**	-
Net cash generated from / (used in) operating activities (A)	**(1,72,62,056)**	12,70,76,613
B) CASH FLOW FROM INVESTING ACTIVITIES:		
Purchase of property, plant and equipment and intangible assets (including capital work-in-progress)	**(88,47,317)**	(9,81,48,829)
Interest received	**33,954**	24,347
Loan from / (to) related party		
Net cash (used in) investing activities (B)	**(88,13,363)**	(9,81,24,482)
C) CASH FLOW FROM FINANCING ACTIVITIES:		
Net cash generated from financing activities (C)	**-**	-
Net (Decrease) in cash and cash equivalents (A+B+C)	**(2,60,75,419)**	2,89,52,131
Cash and cash equivalents at the beginning of the year	**4,58,74,699**	1,69,22,568
Cash and cash equivalents at the end of the year (refer Note 2.07)	**1,97,99,280**	4,58,74,699

As per our report of even date attached

For Shridhar & Associates
Chartered Accountants
Firm Registration No.: 134427W

For Seoul Telenet Inc.

Jitendra Sawjiany
Partner
Membership No. 050980

Girish Kulai
Director

Fabrizio Civitarese
Director

Place: Mumbai
Date: 22nd May 2019

Place: Mumbai
Date: 21st May 2019

Place: Mumbai
Date: 21st May 2019

SEOUL TELENET INC.
Statement of changes in equity for the period ended March 31, 2019

Statement of Chnages in Equity

Particulars	Share capital		Other Comprehensive Income
		Retained Earnings	Exchange Fluctuation Reserve*
Balance as at 01.04.2017	14,69,18,894	(1,00,94,86,822)	(8,50,25,859)
Net Profit for the year		89,37,687	
Other Comprehensive Income			
Currency translation differences	7,36,294		(53,84,119)
Balance as at 31.03.2018	**14,76,55,188**	**(1,00,05,49,135)**	**(9,04,09,978)**
Net Profit for the year		7,35,67,389	
Other Comprehensive Income			
Currency translation differences	90,16,765		(6,74,21,640)
Balance as at 31.03.2019	**15,66,71,953**	**(92,69,81,746)**	**(15,78,31,618)**

As per our report of even date attached

For Shridhar & Associates
Chartered Accountants
Firm Registration No.: 134427W

For Seoul Telenet Inc.

Jitendra Sawjiany
Partner
Membership No. 050980

Girish Kulai
Director

Fabrizio Civitarese
Director

Place: Mumbai
Date: 22nd May 2019

Place: Mumbai
Date: 21st May 2019

Place: Mumbai
Date: 21st May 2019

SEOUL TELENET INC.

Notes to the Financial Statements

2.01 Property, plant and equipment

Particulars	Leasehold improvements	Network Assets
Gross carrying value		
As at April 1, 2018	10,85,536	72,03,20,489
Additions	-	87,01,548
Currency translation difference	66,290	4,50,85,805
As at March 31, 2019	**11,51,826**	**77,41,07,842**
Accumulated depreciation		
As at April 1, 2018	10,85,536	29,46,76,304
Depreciation	-	3,10,72,418
Currency translation difference	66,290	1,88,49,742
As at March 31, 2019	**11,51,826**	**34,45,98,464**
Gross carrying value as at March 31, 2019	11,51,826	77,41,07,842
Accumulated depreciation	(11,51,826)	(34,45,98,464)
Closing net carrying value As at March 31, 2019	**-**	**42,95,09,378**

Particulars	Leasehold improvements	Network Assets
Gross carrying value		
As at April 1, 2017	10,80,123	61,80,36,002
Additions	-	9,80,77,724
Disposals	-	-
Currency translation difference	5,413	42,06,763
As at March 31, 2018	**10,85,536**	**72,03,20,489**
Accumulated depreciation		
As at April 1, 2017	10,80,123	26,75,35,682
Depreciation	-	2,55,11,271
Disposal / adjustments	-	-
Currency translation difference	5,413	16,29,351
As at March 31, 2018	**10,85,536**	**29,46,76,304**
Closing net carrying value As at March 31, 2018	**-**	**42,56,44,185**
Gross carrying value as at March 31, 2018	10,85,536	72,03,20,489
Accumulated depreciation	(10,85,536)	(29,46,76,304)
Closing net carrying value As at March 31, 2018	**-**	**42,56,44,185**

SEOUL TELENET INC.

Notes to the Financial Statements

2.02 Other intangible assets

Amount in INR

Particulars	Indefeasible Right of Use	Total
Gross carrying value		
As at April 1, 2018	16,97,06,617	16,97,06,617
Additions	-	-
Currency translation difference	1,03,63,366	1,03,63,366
As at March 31, 2019	**18,00,69,983**	**18,00,69,983**
As at April 1, 2018	16,96,66,228	16,96,66,228
Depreciation	3,147	3,147
Currency translation difference	1,03,60,865	1,03,60,865
As at March 31, 2019	**18,00,30,240**	**18,00,30,240**
Gross carrying value As at March 31, 2019	18,00,69,983	18,00,69,983
Accumulated depreciation	18,00,30,240	18,00,30,240
Closing net carrying value as at March 31, 2019	**39,743**	**39,743**

Particulars	Indefeasible Right of Use	Total
Gross carrying value		
As at April 1, 2017	16,88,60,362	16,88,60,362
Additions	-	-
Currency translation difference	8,46,255	8,46,255
As at March 31, 2018	**16,97,06,617**	**16,97,06,617**
As at April 1, 2017	16,32,05,426	16,32,05,426
Depreciation	55,79,770	55,79,770
Currency translation difference	8,81,032	8,81,032
As at March 31, 2018	**16,96,66,228**	**16,96,66,228**
Gross carrying value As at March 31, 2018	16,97,06,617	16,97,06,617
Accumulated depreciation	(16,96,66,228)	(16,96,66,228)
Closing net carrying value as at March 31, 2018	**40,389**	**40,389**

		As at March 31, 2019	As at March 31, 2018
2.03	**Deferred tax assets**		
	Deferred tax assets (net)	**5,06,89,094**	-
		5,06,89,094	-
2.04	**Trade receivables**		
	Current		
	Unsecured		
	Considered Good	**1,97,08,128**	2,30,34,919
	Considered Doubtful	**-**	-
		1,97,08,128	2,30,34,919
	Less: Allowance for doubtful debts	**-**	-
	Less: Provision for credit notes	**-**	-
	Total	**1,97,08,128**	2,30,34,919
2.05	**Cash and cash equivalents**		
	Cash on hand	**9,698**	9,139
	Balance with Banks		
	- Current Accounts	**1,97,89,582**	4,58,65,560
	Total	**1,97,99,280**	4,58,74,699
2.06	**Other Financial assets**		
	Non current		
	Unbilled Revenue	**1,24,479**	1,17,315
	Deposits	**35,68,239**	33,74,525
	Advance to related Parties	**2,81,65,344**	-
		3,18,58,062	34,91,840
2.07	**Other Current assets**		
	Prepaid Expenses	**2,77,27,595**	4,14,633
	Advance for supply of goods and rendering of services	**1,49,537**	8,397
	Balances with Government Authorities	**-**	20,04,357
	Total	**2,78,77,132**	24,27,387

2.08 Equity

Share capital

	As at March 31, 2019	As at March 31, 2018
Authorised	**59,06,20,752**	59,06,20,752
Issued, subscribed & fully paid up (South Korean Won 5,000 per share)	**15,66,71,953**	14,76,55,188
Total	**15,66,71,953**	14,76,55,188

i. Movement in share capital

	No. of Shares	Amount in INR
As at April 1, 2017	**6,00,000**	14,69,18,894
Issued during the year	**-**	-
Foreign currency translation reserve		7,36,294
As at March 31, 2018	**6,00,000**	14,76,55,188
Issued during the year	**-**	-
Foreign currency translation reserve		90,16,765
As at March 31, 2019	**6,00,000**	15,66,71,953

ii. Rights, preferences and restriction attached to the shares

The Company has only ordinary shares having a par value of South Korean Won of 5,000 each per share. Each holder of shares is entitled to one vote per share. In the event of liquidation of the Company, the holder of shares will be entitled to receive remaining assets of the Company. The distribution will be in proportion to the number of shares held by the shareholder.

iii. Shares of the company held by holding/ultimate holding company

	As at March 31, 2019	As at March 31, 2018

SEOUL TELENET INC.
Notes on accounts to the Statement of Profit and Loss

Amount in INR

		For the year ended March 31, 2019	For the year ended March 31, 2018
2.14	**Revenue from operations**		
	Indefeasible right of use	**1,73,70,432**	1,53,67,671
	Lease capacity services	**16,74,29,699**	16,13,40,147
	Operation and maintenance charges	**1,20,94,361**	1,10,96,616
	Internet protocol	**5,35,26,956**	6,71,45,001
	Network service revenue	**8,27,91,241**	-
		33,32,12,689	25,49,49,435
2.15	**Other income**		
	Interest income	**33,954**	24,347
	Gain on foreign exchange fluctuation (net)	**-**	42,93,927
	Provision/ Liabilities written back to the extent no longer required	**-**	3,50,34,662
		33,954	3,93,52,936
2.16	**Network operation expenses**		
	Equipment maintenance and support	**20,62,521**	-
	Marine Cable Operations	**-**	-
	Landing stations and point of presence costs	**4,66,74,493**	3,75,12,790
	Terrestrial cable, inland amplifier and regenerator sites	**3,26,98,270**	2,62,69,420
	Local tails	**9,53,59,881**	-
	Restoration	**-**	-
	Internet protocol	**32,70,387**	5,81,519
	Network Service Cost	**-**	10,15,72,745
		18,00,65,552	16,59,36,474
2.17	**Employee benefits expense**		
	Salaries, wages and bonus	**7,29,65,729**	6,15,34,547
	Contribution to Provident and other funds	**12,47,962**	11,12,916
	Staff welfare expenses	**41,27,442**	57,50,742
		7,83,41,133	6,83,98,205
2.18	**Depreciation and amortization expense**		
	Depreciation on Tangible assets	**3,11,29,578**	2,58,32,869
	Less:recoupment from revaluation reserve	**-**	-
	Net Depreciation on tangible assets	**3,11,29,578**	2,58,32,869
	Amortisation of Intangible assets	**3,147**	55,79,771
		3,11,32,725	3,14,12,640

SEOUL TELENET INC.
Notes on accounts to the Statement of Profit and Loss

		For the year ended March 31, 2019	Amount in INR For the year ended March 31, 2018
2.19	**Other expenses**		
	Rent	**44,97,168**	39,26,220
	Insurance	**6,39,098**	10,27,190
	Rates and taxes	**12,593**	42,935
	Professional & Legal charges	**19,02,837**	-
	Licensing and regulatory fees	**23,476**	29,82,498
	Travel and entertainment	**79,75,483**	41,501
	Communication	**8,76,916**	65,96,911
	Information technology support	**80,268**	9,05,450
	Bank charges	**63,432**	1,47,167
	Payment to auditors	**13,73,538**	59,386
	Selling and marketing	**2,556**	13,22,846
	Facility usage charges	**15,85,978**	15,557
	Loss on foreign exchange fluctuation (net)	**21,20,591**	15,62,378
	Miscellaneous expense	**2,32,800**	9,87,326
		2,13,86,734	1,96,17,365

1.01 General Information

The principal activities of Seoul Telenet Inc. (the "Company") are the providing telecommunication services, sales and marketing support services to its fellow subsidiaries and an intermediate holding company, and the operation of a fiber optic telecommunications network in South Korea.

1.02 SIGNIFICANT ACCOUNTING POLICIES

a) Basis of Preparation of Financial Statements

The financial statements are prepared under historical cost convention in accordance with generally accepted accounting principles (GAAP) in India and in compliance with the Indian Accounting Standards (Ind AS) specified under section 133 to the Companies Act, 2013 read with Companies (Indian Accounting Standard) Rules, 2015 as notified/ amended by Ministry of Corporate Affairs, Government of India.

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle. Based on the nature of the services and their realization in cash and cash equivalents, the Company has ascertained its operating cycle as twelve months for the purpose of current – non-current classification of assets and liabilities.

Financial Statements have been prepared on a going concern basis and financial support as may be required, shall be extended by associates and / or parent company.

The Company has applied the following standards and amendments for the first time for their annual reporting period commencing April 1, 2018:

- Ind AS 115 Revenue from Contracts with Customers
- Amendment to Ind AS 21- Foreign Currency Transactions and Advance Consideration

The adoption of the above new standards, amendment and interpretation did not have material impact on these financial statements. There are no other Ind AS amendments that are effective that would be expected to have a material impact on the Company's Financial Statements.

Standards and amendments issued and not yet effective
The following standards and amendments, which were in issue but not yet effective and have not been early adopted by the Company.

Ind AS 116 - Leases

Ind AS 116 is applicable from annual periods beginning on or after April 1, 2019. It will replace previous lease standard Ind AS 17. Ind AS 116 sets out the principles for recognition, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to accounting for finance leases under Ind AS 17. The standard includes two recognition exemption for leases: leases of 'low-value' assets and short-term leases. At the commencement date of a lease, a lessee will recognise a liabilityto make lease payments and an asset representing right to use the underlying asset during the lease term. Lessor accounting under Ind AS 16 is substantially unchanged from today's accounting under Ind AS 17.

Appendix C to Ind AS 112 -'Uncertainty over Income tax treatments'

This Appendix explains how to recognize and measure deferred and current tax assets and liabilities where there is uncertainty over a tax treatment. It provides a framework to consider, recognize and measure the accounting impact of tax uncertainties. This Appendix is applicable for annual periods beginning on or after April 1, 2019.
The company is evaluating the impact of the new standard and amendment on the financial position and results of operation. There are no other standards that are not yet effective and that would be expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions

b) Foreign Currency

i) Foreign Currency Transactions

Initial Recognition

On initial recognition, all foreign currency transactions are recorded by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

Subsequent Recognition

As at the reporting date, non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction. All non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined. All monetary assets and liabilities in foreign currency are restated at the end of accounting period. The resulting foreign exchange gains and losses are recognized in the Statement of Profit and loss on a net basis.

ii) Translation into Presentation Currency

The financial statements are translated into presentation currency which is Indian Rupees. Foreign exchange gains and losses resulting from translation into presentation currency are recognized in Other Comprehensive Income

c) Property, plant and equipment

Recognition and measurement

Property, plant and equipment consists of network assets, leasehold improvements, computers and office equipment, vehicles, furniture and fittings.
Property, plant and equipment are stated at cost, net of accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the assets.

Subsequent expenditure

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the Statement of Profit and Loss during the financial period in which they are incurred.

Depreciation

Depreciation on all assets is calculated so as to write-down the cost of property, plant and equipment to its residual value over its estimated useful life. Estimated useful lives, residual values and depreciation methods are reviewed annually, taking into account commercial and technological obsolescence as well as normal wear and tear.
Depreciation is recorded on a straight-line basis over the estimated useful lives of the property, plant and equipment as follows:

Network assets...the shorter of 15 to 25 years or remaining useful lives
Leasehold improvements...............................over the period of lease
Computers and office equipment....................3 to 6 years
Vehicles……………………………………….5 years
Furniture and fittings…...................................3 to 7 years

The estimated useful lives of network assets are determined based on the estimated period over which they will generate revenue. Depreciation on any capitalisation due to modifications, improvements of the assets is restricted to the remaining useful life of the fixed asset.
Any gain or loss on disposal of an item of property, plant and equipment is recognised in statement of profit or loss.

Capital work in Progress

Costs incurred prior to the capital project's completion are reflected as capital-work-in-progress, which is transferred to property, plant and equipment at the date the project is complete. Capital-work-in-progress is stated at cost.

d) Intangible Assets

Indefeasible Right of Use (IRU)

IRU are amortised over their estimated useful lives of 5 to 25 years on straight line basis. The estimated useful life of IRUs is based on the contractual terms of the respective contracts.

Intangible Assets under Development

Intangible assets not ready for the intended use on the date of the Balance Sheet are disclosed as "intangible assets under development".

e) Impairment of Non-Financial assets

Non-financial assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non- financial assets that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

f) Financial Instruments

Financial instruments are recognised when the Company becomes a party to the contractual provisions of the instrument.

(a) Investments and other Financial Assets

(I) Classification
The Company classifies its financial assets in the following measurement categories:

a) those to be measured subsequently at fair value (either through other comprehensive income, or through Statement of profit and loss); and
b) those to be measured at amortised cost.

The classification depends on the Company's business model for managing the financial assets and the contractual terms of the cash flows.
For assets measured at fair value, gains and losses will either be recorded in Statement of profit and loss or other comprehensive income ('OCI').

(II) Measurement

At initial recognition, the Company measures a financial asset at its fair value. Transaction costs of financial assets carried at fair value through the statement of profit and loss are expensed in the statement of profit and loss.

(III) Derecognition of financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the assets expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of the transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

(IV) Impairment of financial assets

The Company recognizes loss allowances using the expected credit loss (ECL) model for the financial assets which are not fair valued through profit or loss. Loss allowance for trade receivables with no significant financing component is measured at an amount equal to lifetime ECL. For all other financial assets, expected credit losses are measured at an amount equal to the 12-month ECL, unless there has been a significant increase in credit risk from initial recognition in which case those are measured at lifetime ECL. The amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognised as an impairment gain or loss in statement of profit or loss.

(b) Financial Liabilities
The Company determines the classification of its financial liabilities at initial recognition.

(I) Classification
The financial liabilities are classified in the following measurement categories:

a) those to be measured as financial liabilities at fair value through profit or loss,
b) those to be measured at amortised cost.

(II) Initial recognition and measurement

Financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. Financial liabilities are initially measured at the amortised cost unless at initial recognition, they are classified as fair value through profit and loss.

(III) Subsequent measurement

Financial liabilities are subsequently measured at amortised cost using the effective interest rate method. Financial liabilities carried at fair value through profit or loss are measured at fair value with all changes in fair value recognised in the statement of profit and loss.

(IV) Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the Statement of profit and loss.

g) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counter party.

h) Trade receivables

Trade receivables are amounts due from customers for services performed in the ordinary course of business. If collection is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at fair value. They are subsequently measured at amortised cost (net of allowance for impairment) using the effective interest method, if the effect of discounting is considered material.

i) Cash and Cash Equivalents

In the statement of cash flows, cash and cash equivalents include cash in hand, demand deposits with banks, other short-term highly liquid investments with original maturities of three months or less and that are readily convertible to known amount of cash and cash equivalent and bank overdrafts.

j) Share Capital

Ordinary Common Shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

k) Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified under current liabilities if payment is due within one year or less. If not, they are presented under non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using effective interest rate method.

l) Provisions and Contingent Liabilities

Provisions are recognised when there is a present legal or constructive obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and there is a reliable estimate of the amount of the obligation. Provisions are measured at the best estimate of the expenditure required to settle the present obligation at the Balance Sheet date and are not discounted to its present value.

Contingent Liabilities: Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made.

m) Current and deferred Tax

Tax expense for the period, comprising current tax and deferred tax, are included in the determination of the net profit or loss for the period. Current tax is measured at the amount expected to be paid to the tax authorities in accordance with the taxation laws prevailing in the respective jurisdictions.
Deferred tax is recognized, using the liability method, for all the temporary differences, subject to the consideration of prudence in respect of deferred tax assets. Deferred tax assets are recognised and carried forward only to the extent that it is probable that sufficient future taxable income will be available against which such deferred tax assets can be realised. However, where there is unabsorbed depreciation or carry forward loss, the deferred tax asset is recognised and carried forward only to the extent that it is probable that the assets will be realised in future. Deferred tax assets and liabilities are measured using the tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date. At each Balance Sheet date, the Company re-assesses unrecognised deferred tax asset if any.

Current tax assets and current tax liabilities are offset when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle the asset and the liability on a net basis. Deferred tax assets and deferred tax liabilities are offset when there is a legally enforceable right to set off assets against liabilities representing current tax and where the deferred tax assets and the deferred tax liabilities relate to taxes on income levied by the same governing taxation laws.

n) Revenue Recognition

The Company has adopted Ind AS 115 Revenue from Contracts with Customers with a date of initial application of April 1, 2018. As a result, the Group has updated its accounting policy for revenue recognition as detailed below.

The Company has applied Ind AS 115 using the cumulative effect method and therefore the comparative information has not been restated and continues to be reported under Ind AS 18 .

Company recognizes revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and when specific criteria have been met for Company's activities as described below. Revenue is measured at the fair value of the consideration receivable and represents amount receivable for services rendered, net of taxes, expected variable consideration, price reductions and rebates. The company uses expected value method or most likely amount method to estimate the amount of variable consideration.

Where the contracts include multiple performance obligations, the transaction price will be allocated to each performance obligation based on the stand- alone selling prices. Where these are not directly observable, they are estimated based on market assessment approach.

Indefeasible Right of Use

The Company sells Right of Use (ROU) that provide customers with network capacity, typically over a 10 to 15 year period without transferring the legal title or giving an option to purchase the network capacity. Revenue from cancellable ROU arrangements are accounted as operating lease and recognized over the life of the contract.

Internet Protocol Services

The Company recognises internet protocol revenue over the term of the contract. Fees related to activation of services are deferred and recognised over the expected term of the related service agreement.

International Private Leased Circuits

International Private Leased Circuits include lease capacity services and restoration service for other network operators. The customer typically pays the charges for these services periodically over the life of the contract, which may be up to three years. Revenue is recognized in the Company's Statement of Profit and Loss over the term of the contract.

Operations and Maintenance Services

The Company provides operation and maintenance services over the life of the capacity contract, for which the Company receives Operation and Maintenance charges. Operation and maintenance charges are invoiced separately from capacity sales. Revenues relating to maintenance are recognized over the period in which the service is provided.

Network service revenue

Transfer pricing is based on provisions contained in Organization for Economic Co-operation & Development (the OECD guidelines).

Interest income

The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of a financial asset. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument but does not consider the expected credit losses. Interest income is recognised using the effective interest method.

o) Deferred Revenue

Deferred Revenue represents income billed in accordance with the contract but not recognised in Statement of Profit and Loss as at the Balance Sheet date. Deferred Revenue net of the amount recognizable beyond one year is disclosed as unearned income in non-current liabilities and the amount recognizable within one year is disclosed as deferred revenue in current liabilities.

p) Accrued Income

Where the services are performed prior to billing, unbilled debtors is recognized in other current assets.

q) Employee Benefits

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the Balance Sheet.

Eligible employees of the company are covered by defined contribution pension plan. Contribution to the plan is generally based on each employee's eligible compensation and years of service and is based on the local regulations. The schemes are funded through payments to insurance companies as defined contribution plans. In some defined contribution retirement plan, eligible employees may contribute amounts to the plan, via payroll withholding, subject to certain limitations.

r) Use of Estimates

The presentation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of Balance Sheet and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognized in the year in which the results are known / materialized.

s) Earnings Per Share

i) Basic earnings per share

Basic earnings per share is calculated by dividing:
- the profit attributable to owners of the company
- by the weighted average number of equity shares outstanding during the financial year, adjusted for bonus elements in equity shares issued during the year.

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:
- the after income tax effect of interest and other financing costs associated with dilutive potential equity shares, and
- the weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

2.20 Segment Reporting

The RGL Group is being geared to provide the customers with a composite service tailored to their industry or their specific needs like cost optimization or increased speed of reach, which in-turn involves leveraging a combination of the assets and service capabilities of RGL Group. The Group CEO of RGL along with steering committee performs the function of Chief Operating Decision Maker ('CODM'). The RGL Group has a single operating segment, viz. Data Services Business. The Data Services Business of RGL Group provides an integrated service to its global customers.

The CODM reviews the segment results at a combined level for all regions and businesses, when assessing the RGL Group's overall performance and deciding the manner in which to allocate resources.

Further, when a composite service is offered to a customer, while the billing may be done in one jurisdiction the services in-turn would be sought or assets used would be from different legal entities within the RGL Group domiciled in different geographies. Therefore, it is impracticable to meaningfully disclose service revenue by geographical locations.

2.21 Earnings Per Share

Amount in ₹ except number of shares

Particulars		**Year ended March 31, 2019**	Year ended March 31, 2018
A	Profit for the year attributable to shareholders	**7,35,67,389**	89,37,687
B	Weighted average number of share of KRW 5000 each used as denominator for calculating Basic and Diluted EPS	**600,000**	600,000
C	Basic and Diluted Earnings per Share (A/B)	**122.61**	14.90

2.22 Notes to Foreign Currency Translation Reserve

The amounts relating to Balance Sheet items appearing in Indian Rupees have been translated at Closing Rate of 1 USD = ₹ 69.155 (March 31 2018 1 USD = ₹ 65.175) and items relating to profit and loss have been translated at average rate of 1 USD = ₹69.916 (Previous year 1 USD = ₹ 64.446).

The amounts have been converted in INR to comply with the financial reporting requirement in India.

2.23 Related Party Transactions

In accordance with Indian Accounting Standard 24 "Related Party Disclosures" issued by the Institute of Chartered Accountants of India, the company's related parties and transactions are disclosed below which are in ordinary course of business and at arms' length basis:

Seoul Telenet Inc.

Notes Forming part of the Financial Statements for the year ended March 31, 2019

List of related parties:

(a) Parent company

i. Reliance Communication Limited
ii. Reliance Globalcom Limited
iii. IMM Corporation

(b) Related parties with whom transactions have taken place

i. Reliance Globalcom Limited
ii. Reliance FLAG Telecom Ireland DAC

(c) Sales of services

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Service Revenue		
Parent company	-	-
Fellow subsidiaries	8,27,91,241	-
Total	**8,27,91,241**	**-**

Sales of services are negotiated with related parties on a cost-plus basis and are determined on the basis of market price.

(d) Purchases of services

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Network Operating Expenses		
Parent company	-	-
Fellow subsidiaries	-	-
Total	**-**	**-**

Purchases of services are negotiated with related parties on a cost-plus basis and are determined on the basis of market price.

Seoul Telenet Inc.

Notes Forming part of the Financial Statements for the year ended March 31, 2019

(e) **Year-end balances arising from sales/purchases of services**

Particulars	**As at March 31, 2019**	**As at March 31, 2018**
Advance to related parties		
Parent company	-	-
Fellow subsidiaries	2,81,65,344	-
Total	**2,81,65,344**	**-**

Particulars	**As at March 31, 2019**	**As at March 31, 2018**
Due to related parties		
Parent company	1,29,00,02,152	1,12,40,28,037
Fellow subsidiaries	-	5,06,32,796
Total	**1,29,00,02,152**	**1,17,46,60,833**

2.24 The previous year's figures have been regrouped and reclassified wherever necessary.

For Shridhar & Associates
Chartered Accountants
Firm Registration No. : 134427W

Jitendra Sawjiany
Partner
Membership Number: 050980

Place : Mumbai
Date : 22nd May 2019

For Seoul Telenet Inc.

Girish Kulai
Director

Place :
Date : 21st May 2019

Fabrizio Civitarese
Director

Place :
Date : 21st May 2019

Independent Auditors' Report

To the Board of Directors of Reliance Globalcom (UK) Limited

Report on the Ind AS Financial Statements

Opinion

We have audited the accompanying standalone Ind AS financial statements of **Reliance Globalcom (UK) Limited** ("the Company"), which comprise the Balance Sheet as at 31st March, 2019, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the 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 standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the state of affairs of the Company as at 31st March, 2019, and its profit/loss (including 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 in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013 ("the Act"). Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Ind AS 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 together with the ethical requirements that are relevant to our audit of the Ind AS financial statements 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 Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information Other than the Standalone Financial Statements and auditor's Report Thereon

Our opinion on the Ind AS 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 standalone Ind AS financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Ind AS financial statements or our knowledge obtained in the 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.

This report is issued for the information and use of the Board of directors of the Company and of Reliance Communications Limited, the holding company in India to comply with the financial reporting requirements in India and should not be used for any other purposes without our prior written consent.

Management's Responsibility for the Ind AS financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards ('Ind AS'), prescribed under section 133 of the Companies Act, 2013 ("the Act") read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015, the Companies (Indian Accounting Standards) Amendment Rules, 2016 and other provisions of the Act, to the extent notified and applicable as well as applicable guidance notes and pronouncements of the Institute of Chartered Accountants of India (the ICAI).

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 standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Audit of the Ind AS Financial Statements

Our responsibility is to express an opinion on these standalone Ind AS financial statements based on our audit.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the standalone Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the company has in place and adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the

reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the standalone Ind AS financial statements.

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.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone Ind AS financial statements.

For Shridhar& Associates
Chartered Accountants
Firm Registration No.134427W

Jitendra Sawjiany
Partner
Membership No.050980

Place: Mumbai
Date: 22nd May 2019

Reliance Globalcom (UK) Limited
Balance Sheet as at March 31, 2019

Amount in ₹

Particulars	Notes	As at March 31, 2019	As at March 31, 2018
ASSETS			
Non-current assets			
Property, plant and equipment	**2.01**	**15,09,404**	17,38,485
Financial assets			
Other Non-current assets	**2.02**	**-**	14,71,767
Total Non-current assets		**15,09,404**	32,10,252
Current assets			
Financial assets			
Trade receivables	**2.03**	**-**	19,48,013
Cash and cash equivalents	**2.04**	**91,29,779**	1,79,01,334
Other Financial Assets	**2.05**	**1,50,56,69,052**	1,10,08,37,524
Other Current assets	**2.06**	**1,57,90,418**	4,94,386
Total Current assets		**1,53,05,89,249**	1,12,11,81,257
Total Assets		**1,53,20,98,653**	1,12,43,91,509
EQUITY AND LIABILITIES			
Share Capital			
Equity share capital	**2.07**	**201**	189
Other Equity		**82,74,36,914**	78,21,60,724
Total equity		**82,74,37,115**	**78,21,60,913**
LIABILITIES			
Current liabilities			
Financial liabilities			
Trade payables	**2.08**	**57,60,125**	4,50,26,458
Other Financial liabilities	**2.09**	**68,77,83,010**	27,02,00,257
Other Current liabilities	**2.10**	**1,11,18,403**	2,70,03,881
Total Current liabilities		**70,46,61,538**	34,22,30,596
Total Liabilities		**70,46,61,538**	34,22,30,596
Total Equity and Liabilities		**1,53,20,98,653**	1,12,43,91,509
General Information	**1.01**		
Significant Accounting Policies	**1.02**		
Notes to the Financial Statements	**2**		

The accompanying notes form an integral part of the financial statements

As per our report of even date attached

For Shridhar & Associates
Chartered Accountants
Firm Registration No.: 134427W

For Reliance Globalcom (UK) Limited

Jitendra Sawjiany
Partner
Membership No. 050980

Place: Mumbai
Date: 22nd May 2019

Andrew Goldie
Director

Place:
Date: 21st May 2019

B K Sinha
Director

Place:
Date: 21st May 2019

Reliance Globalcom (UK) Limited
Statement of Profit and loss for the year ended March 31, 2019

Amount in ₹

Particulars	Note	For the year ended March 31, 2019	For the year ended March 31, 2018
INCOME			
Revenue from operations	**2.11**	**33,38,96,129**	48,75,01,314
Other income	**2.12**	**5,26,32,488**	99,34,789
Total Income		**38,65,28,617**	49,74,36,103
EXPENSES			
Network operation expenses	**2.13**	**89,33,464**	69,97,410
Employee benefits expense	**2.14**	**31,12,36,731**	32,55,48,036
Depreciation and amortization expense	**2.15**	**3,38,920**	2,25,347
Other expenses	**2.16**	**6,85,34,486**	12,69,59,469
Total Expenses		**38,90,43,601**	45,97,30,262
Profit / (Loss) before tax		**(25,14,984)**	3,77,05,841
Tax Expense			
-Current Tax		**-**	-
Net profit / (loss) for the year		**(25,14,984)**	3,77,05,841
Other comprehensive income			
Items that may be subsequently reclassified to statement of profit or loss			
Currency translation difference		**4,77,91,174**	41,36,651
Total other comprehensive income for the year		**4,77,91,174**	41,36,651
Total Comprehensive Income for the year		**4,52,76,190**	4,18,42,492
Earnings per Share of each fully paid up	**2.18**		
(1) Basic		**(12,57,492)**	1,88,52,921
(2) Diluted		**(12,57,492)**	1,88,52,921
General Information	**1.01**		
Significant Accounting Policies	**1.02**		
Notes to the Financial Statements	**2**		

The accompanying notes form an integral part of the financial statements

As per our report of even date attached

For Shridhar & Associates
Chartered Accountants
Firm Registration No.: 134427W

Jitendra Sawjiany
Partner
Membership No. 050980

Place: Mumbai
Date: 22nd May 2019

For Reliance Globalcom (UK) Limited

Andrew Goldie
Director

Place: Mumbai
Date: 21st May 2019

B K Sinha
Director

Place: Mumbai
Date: 21st May 2019

Reliance Globalcom (UK) Limited
Cash Flow Statement for the year ended March 31, 2019

Amount in ₹

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
A) CASH FLOW FROM OPERATING ACTIVITIES:		
Profit/(Loss) before tax	**(25,14,984)**	3,77,05,841
Adjustments for:		
Depreciation and amortisation expense	**3,38,920**	2,25,347
Effects of exchange difference on translation of asset & liabilities	**4,84,30,301**	41,24,941
	4,62,54,237	4,20,56,129
Changes in working capital		
Decrease/ (Increase) in trade receivables	**19,48,013**	(2,14,604)
Decrease/ (Increase) in other non current financial assets	**-**	11,27,950
Decrease/ (Increase) in other non-current assets	**14,71,767**	1,15,25,307
Decrease/ (Increase) in other current assets	**(1,52,96,032)**	9,54,92,332
Decrease/ (Increase) in other current financial assets	**(40,48,31,528)**	(26,23,90,391)
Increase/ (Decrease) in trade payables	**(3,92,66,333)**	1,47,04,262
Increase/ (Decrease) in other current financial liabilites	**41,75,82,753**	8,79,62,494
Increase/ (Decrease) in other current liabilities	**(1,58,85,478)**	1,31,16,194
Cash generated from operations	**(80,22,601)**	33,79,673
Income Tax (Paid)/Refund	**-**	-
Net cash generated from operating activities (A)	**(80,22,601)**	33,79,673
B) CASH FLOW FROM INVESTING ACTIVITIES:		
Purchase of property, plant and equipment and intangible assets (including capital work-in-progress)	**(7,48,954)**	(6,90,358)
Net cash (used in) investing activities (B)	**(7,48,954)**	(6,90,358)
C) CASH FLOW FROM FINANCING ACTIVITIES:		
Net cash generated from financing activities (C)	**-**	-
Net Increase in cash and cash equivalents (A+B+C)	**(87,71,555)**	26,89,314
Cash and cash equivalents at the beginning of the year	**1,79,01,334**	1,52,12,020
Cash and cash equivalents at the end of the year (refer Note 2.04)	**91,29,779**	1,79,01,334

For Shridhar & Associates
Chartered Accountants
Firm Registration No.: 134427W

For Reliance Globalcom (UK) Limited

Jitendra Sawjiany
Partner
Membership No. 050980

Place: Mumbai
Date: 22nd May 2019

Andrew Goldie
Director

Place:
Date: 21st May 2019

B K Sinha
Director

Place:
Date: 21st May 2019

Reliance Globalcom (UK) Limited
Statement of changes in equity for the period ended March 31, 2019

Note 2.08 - Equity attributable to shareholders

Amount in ₹

Particulars	Equity	Other Equity			Equity attributable to shareholders
	Share capital	Reserves and Surplus	Other Comprehensive Income	Total Other Equity	
		Retained Earnings	Exchange Fluctuation Reserve*		
Balance as at 01.04.2017	188	71,02,63,225	3,00,55,007	74,03,18,232	**74,03,18,420**
Net Profit / (Loss) for the year		3,77,05,841	-	3,77,05,841	**3,77,05,841**
Other Comprehensive Income					**-**
Currency translation differences	1	-	41,36,651	41,36,651	**41,36,652**
Balance as at 31.03.2018	**189**	**74,79,69,066**	**3,41,91,658**	**78,21,60,724**	**78,21,60,913**
Net Profit / (Loss) for the year		(25,14,984)	-	(25,14,984)	**(25,14,984)**
Other Comprehensive Income					**-**
Currency translation differences	12	-	4,77,91,174	4,77,91,174	**4,77,91,186**
Balance as at 31.03.2019	**201**	**74,54,54,082**	**8,19,82,832**	**82,74,36,914**	**82,74,37,115**

***Foreign Exchange Translation Reserve: Exchange differences on translating the financial statements**

As per our report of even date attached

For Shridhar & Associates
Chartered Accountants
Firm Registration No.: 134427W

For Reliance Globalcom (UK) Limited

Jitendra Sawjiany
Partner
Membership No. 050980

Place: Mumbai
Date: 22nd May 2019

Andrew Goldie
Director

Place:
Date: 21st May 2019

B K Sinha
Director

Place:
Date: 21st May 2019

1.01 General Information

The principal activities of Reliance Globalcom (UK) Limited **(**the "Company") are providing telecommunication services, sales and marketing support services to its fellow subsidiaries.

1.02 SIGNIFICANT ACCOUNTING POLICIES

a) Basis of Preparation of Financial Statements

The financial statements are prepared under historical cost convention in accordance with generally accepted accounting principles (GAAP) in India and in compliance with the Indian Accounting Standards (Ind AS) specified under section 133 to the Companies Act, 2013 read with Companies (Indian Accounting Standard) Rules, 2015 as notified/ amended by Ministry of Corporate Affairs, Government of India.

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle. Based on the nature of the services and their realization in cash and cash equivalents, the Company has ascertained its operating cycle as twelve months for the purpose of current – non-current classification of assets and liabilities.

Financial Statements have been prepared on a going concern basis.

The Company has applied the following standards and amendments for the first time for their annual reporting period commencing April 1, 2018:

- Ind AS 115 Revenue from Contracts with Customers
- Amendment to Ind AS 21- Foreign Currency Transactions and Advance Consideration

The adoption of the above new standards, amendment and interpretation did not have material impact on these financial statements. There are no other Ind AS amendments that are effective that would be expected to have a material impact on the Company's Financial Statements.

Standards and amendments issued and not yet effective

The following standards and amendments, which were in issue but not yet effective and have not been early adopted by the Company.

Ind AS 116 - Leases

Ind AS 116 is applicable from annual periods beginning on or after April 1, 2019. It will replace previous lease standard Ind AS 17. Ind AS 116 sets out the principles for recognition, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to accounting for finance leases under Ind AS 17. The standard includes two recognition exemption for leases: leases of 'low-value' assets and short-term leases. At the commencement date of a lease, a lessee will recognise a liabilityto make lease payments and an asset representing right to use the underlying asset during the lease term. Lessor accounting under Ind AS 16 is substantially unchanged from today's accounting under Ind AS 17.

Appendix C to Ind AS 112 -'Uncertainty over Income tax treatments'

This Appendix explains how to recognize and measure deferred and current tax assets and liabilities where there is uncertainty over a tax treatment. It provides a framework to consider, recognize and measure the accounting impact of tax uncertainties. This Appendix is applicable for annual periods beginning on or after April 1, 2019.

The company is evaluating the impact of the new standard and amendment on the financial position and results of operation. There are no other standards that are not yet effective and that would be expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions

b) Foreign Currency

i) Foreign Currency Transactions

Initial Recognition

On initial recognition, all foreign currency transactions are recorded by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

Subsequent Recognition

As at the reporting date, non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction. All non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined. All monetary assets and liabilities in foreign currency are restated at the end of accounting period. The resulting foreign exchange gains and losses are recognized in the Statement of Profit and loss on a net basis.

ii) Translation into Presentation Currency

The financial statements are translated into presentation currency which is Indian Rupees. Foreign exchange gains and losses resulting from translation into presentation currency are recognized in Other Comprehensive Income

c) Property, plant and equipment

<u>Recognition and measurement</u>

Property, plant and equipment consists of network assets, leasehold improvements, computers and office equipment, vehicles, furniture and fittings.
Property, plant and equipment are stated at cost, net of accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the assets.

Subsequent expenditure

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the Statement of Profit and Loss during the financial period in which they are incurred.

Depreciation

Depreciation on all assets is calculated so as to write-down the cost of property, plant and equipment to its residual value over its estimated useful life. Estimated useful lives, residual values and depreciation methods are reviewed annually, taking into account commercial and technological obsolescence as well as normal wear and tear.
Depreciation is recorded on a straight-line basis over the estimated useful lives of the property, plant and equipment as follows:

Network assets..the shorter of 15 to 25 years or remaining useful lives
Leasehold improvements................................over the period of lease
Computers and office equipment....................3 to 6 years
Vehicles……………………………………….5 years
Furniture and fittings…...................................3 to 7 years

The estimated useful lives of network assets are determined based on the estimated period over which they will generate revenue. Depreciation on any capitalisation due to modifications, improvements of the assets is restricted to the remaining useful life of the fixed asset.
Any gain or loss on disposal of an item of property, plant and equipment is recognised in statement of profit or loss.

d) Financial Instruments

Financial instruments are recognised when the Company becomes a party to the contractual provisions of the instrument.

(a) Investments and other Financial Assets

(I) Classification

The Company classifies its financial assets in the following measurement categories:

a) those to be measured subsequently at fair value (either through other comprehensive income, or through Statement of profit and loss); and
b) those to be measured at amortised cost.

The classification depends on the Company's business model for managing the financial assets and the contractual terms of the cash flows.
For assets measured at fair value, gains and losses will either be recorded in Statement of profit and loss or other comprehensive income ('OCI').

(II) Measurement

At initial recognition, the Company measures a financial asset at its fair value. Transaction costs of financial assets carried at fair value through the statement of profit and loss are expensed in the statement of profit and loss.

(III) Derecognition of financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the assets expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of the transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

(IV) Impairment of financial assets

The Company recognizes loss allowances using the expected credit loss (ECL) model for the financial assets which are not fair valued through profit or loss. Loss allowance for trade receivables with no significant financing component is measured at an amount equal to lifetime ECL. For all other financial assets, expected credit losses are measured at an amount equal to the 12-month ECL, unless there has been a significant increase in credit risk from initial recognition in which case those are measured at lifetime ECL. The amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognised as an impairment gain or loss in statement of profit or loss.

(b) Financial Liabilities
The Company determines the classification of its financial liabilities at initial recognition.

(I) Classification

The financial liabilities are classified in the following measurement categories:

a) those to be measured as financial liabilities at fair value through profit or loss,
b) those to be measured at amortised cost.

(II) Initial recognition and measurement

Financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. Financial liabilities are initially measured at the amortised cost unless at initial recognition, they are classified as fair value through profit and loss.

(III) Subsequent measurement

Financial liabilities are subsequently measured at amortised cost using the effective interest rate
method. Financial liabilities carried at fair value through profit or loss are measured at fair value with all changes in fair value recognised in the statement of profit and loss.

(IV) Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the Statement of profit and loss.

e) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counter party.

f) Trade receivables

Trade receivables are amounts due from customers for services performed in the ordinary course of business. If collection is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at fair value. They are subsequently measured at amortised cost (net of allowance for impairment) using the effective interest method, if the effect of discounting is considered material.

g) Cash and Cash Equivalents

In the statement of cash flows, cash and cash equivalents include cash in hand, demand deposits with banks, other short-term highly liquid investments with original maturities of three months or less and that are readily convertible to known amount of cash and cash equivalent and bank overdrafts.

h) Share Capital

Ordinary Common Shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

i) Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified under current liabilities if payment is due within one year or less. If not, they are presented under non-current liabilities.
Trade payables are recognised initially at fair value and subsequently measured at amortised cost using effective interest rate method.

j) Provisions and Contingent Liabilities

Provisions are recognised when there is a present legal or constructive obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and there is a reliable estimate of the amount of the obligation. Provisions are measured at the best estimate of the expenditure required to settle the present obligation at the Balance Sheet date and are not discounted to its present value.

Contingent Liabilities: Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made.

k) Current and deferred Tax

Tax expense for the period, comprising current tax and deferred tax, are included in the determination of the net profit or loss for the period. Current tax is measured at the amount expected to be paid to the tax authorities in accordance with the taxation laws prevailing in the respective jurisdictions.
Deferred tax is recognized, using the liability method, for all the temporary differences, subject to the consideration of prudence in respect of deferred tax assets. Deferred tax assets are recognised and carried forward only to the extent that it is probable that sufficient future taxable income will be available against which such deferred tax assets can be realised. However, where there is unabsorbed depreciation or carry forward loss, the deferred tax asset is recognised and carried forward only to the extent that it is probable that the assets will be realised in future. Deferred tax assets and liabilities are measured using the tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date. At each Balance Sheet date, the Company re-assesses unrecognised deferred tax asset if any.

Current tax assets and current tax liabilities are offset when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle the asset and the liability on a net basis. Deferred tax assets and deferred tax liabilities are offset when there is a legally enforceable right to set off assets against liabilities representing current tax and where the deferred tax assets and the deferred tax liabilities relate to taxes on income levied by the same governing taxation laws.

l) Revenue Recognition

The Company has adopted Ind AS 115 Revenue from Contracts with Customers with a date of initial application of April 1, 2018. As a result, the Group has updated its accounting policy for revenue recognition as detailed below.

The Company has applied Ind AS 115 using the cumulative effect method and therefore the comparative information has not been restated and continues to be reported under Ind AS 18 .

Company recognizes revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and when specific criteria have been met for Company’s activities as described below. Revenue is measured at the fair value of the consideration receivable and represents amount receivable for services rendered, net of taxes, expected variable consideration, price reductions and rebates. The company uses expected value method or most likely amount method to estimate the amount of variable consideration.

Where the contracts include multiple performance obligations, the transaction price will be allocated to each performance obligation based on the stand- alone selling prices. Where these are not directly observable, they are estimated based on market assessment approach.

Indefeasible Right of Use

The Company sells Right of Use (ROU) that provide customers with network capacity, typically over a 10 to 15 year period without transferring the legal title or giving an option to purchase the network capacity. Revenue from cancellable ROU arrangements are accounted as operating lease and recognized over the life of the contract.

Internet Protocol Services

The Company recognises internet protocol revenue over the term of the contract. Fees related to activation of services are deferred and recognised over the expected term of the related service agreement.

International Private Leased Circuits

International Private Leased Circuits include lease capacity services and restoration service for other network operators. The customer typically pays the charges for these services periodically over the life of the contract, which may be up to three years. Revenue is recognized in the Company's Statement of Profit and Loss over the term of the contract.

Operations and Maintenance Services

The Company provides operation and maintenance services over the life of the capacity contract, for which the Company receives Operation and Maintenance charges. Operation and maintenance charges are invoiced separately from capacity sales. Revenues relating to maintenance are recognized over the period in which the service is provided.

Network service revenue

Transfer pricing is based on provisions contained in Organization for Economic Co-operation & Development (the OECD guidelines).

m) Deferred Revenue

Deferred Revenue represents income billed in accordance with the contract but not recognised in Statement of Profit and Loss as at the Balance Sheet date. Deferred Revenue net of the amount recognizable beyond one year is disclosed as unearned income in non-current liabilities and the amount recognizable within one year is disclosed as deferred revenue in current liabilities.

n) Accrued Income

Where the services are performed prior to billing, unbilled debtors is recognized in other current assets.

o) Employee Benefits

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the Balance Sheet.

Eligible employees of the company are covered by defined contribution pension plan. Contribution to the plan is generally based on each employee's eligible compensation and years of service and is based on the local regulations. The schemes are funded through payments to insurance companies as defined contribution plans. In some defined contribution retirement plan, eligible employees may contribute amounts to the plan, via payroll withholding, subject to certain limitations.

p) Use of Estimates

The presentation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of Balance Sheet and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognized in the year in which the results are known / materialized.

q) Earnings Per Share

i) Basic earnings per share

Basic earnings per share is calculated by dividing:
- the profit attributable to owners of the company
- by the weighted average number of equity shares outstanding during the financial year, adjusted for bonus elements in equity shares issued during the year.

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:
- the after income tax effect of interest and other financing costs associated with dilutive potential equity shares, and
- the weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

Reliance Globalcom (UK) Limited
Notes to the Financial Statements

2.01 Property, plant and equipment

Amount in ₹

Particulars	Leasehold improvements	Network Assets	Furniture, fittings and equipment	Computers	Vehicles	Total
Gross carrying value						
As at April 1, 2018	1,80,44,872	16,31,886	50,23,950	4,34,81,548	76,78,474	7,58,60,730
Additions	-	-	-	7,48,954	-	7,48,954
Currency translation difference	11,01,935	99,686	3,06,794	19,06,201	4,68,896	38,83,512
As at March 31, 2019	**1,91,46,807**	**17,31,572**	**53,30,744**	**4,61,36,703**	**81,47,370**	**8,04,93,196**
Accumulated depreciation						
As at April 1, 2018	1,80,44,872	4,34,435	50,23,950	4,29,40,514	76,78,474	7,41,22,245
Depreciation	-	75,765	-	2,63,094	-	3,38,859
Currency translation difference	11,01,935	25,704	3,06,794	26,19,359	4,68,896	45,22,688
As at March 31, 2019	**1,91,46,807**	**5,35,904**	**53,30,744**	**4,58,22,967**	**81,47,370**	**7,89,83,792**
Closing net carrying value As at March 31, 2019	**-**	**11,95,668**	**-**	**3,13,736**	**-**	**15,09,404**
Gross carrying value As at March 31, 2019	1,91,46,807	17,31,572	53,30,744	4,61,36,703	81,47,370	8,04,93,196
Accumulated depreciation	(1,91,46,807)	(5,35,904)	(53,30,744)	(4,58,22,967)	(81,47,370)	(7,89,83,791)
Closing net carrying value As at March 31, 2019	**-**	**11,95,668**	**-**	**3,13,736**	**-**	**15,09,404**

Particulars	Leasehold improvements	Network Assets	Furniture, fittings and equipment	Computers	Vehicles	Total
Gross carrying value						
As at April 1, 2017	1,79,54,891	16,23,750	49,98,899	4,25,69,905	76,40,183	7,47,87,628
Additions	-	-	-	6,90,358	-	6,90,358
Currency translation difference	89,981	8,136	25,051	2,21,285	38,291	3,82,744
As at March 31, 2018	**1,80,44,872**	**16,31,886**	**50,23,950**	**4,34,81,548**	**76,78,474**	**7,58,60,730**
Accumulated depreciation						
As at April 1, 2017	1,79,54,891	3,61,985	49,98,899	4,25,69,905	76,40,183	7,35,25,863
Depreciation	-	69,838	-	1,55,508	-	2,25,346
Currency translation difference	89,981	2,612	25,051	2,15,101	38,291	3,71,036
As at March 31, 2018	**1,80,44,872**	**4,34,435**	**50,23,950**	**4,29,40,514**	**76,78,474**	**7,41,22,245**
Closing net carrying value As at March 31, 2018	**-**	**11,97,451**	**-**	**5,41,034**	**-**	**17,38,485**
Gross carrying value As at March 31, 2018	1,80,44,872	16,31,886	50,23,950	4,34,81,548	76,78,474	7,58,60,730
Accumulated depreciation	(1,80,44,872)	(4,34,435)	(50,23,950)	(4,29,40,514)	(76,78,474)	(7,41,22,245)
Closing net carrying value As at March 31, 2018	**-**	**11,97,451**	**-**	**5,41,034**	**-**	**17,38,485**

Reliance Globalcom (UK) Limited
Notes Forming part of the Financial Statements for the year ended March 31, 2019

Amount in ₹

	Paticulars	As at March 31, 2019	As at March 31, 2018
2.02	**Other Non-current assets**		
	Prepaid expenses	**-**	14,71,767
	Total	**-**	14,71,767
2.03	**Trade receivables**		
	Considered Good	**-**	19,48,013
	Considered Doubtful	**-**	-
		-	19,48,013
	Less: Allowance for doubtful debts	**-**	-
	Total	**-**	19,48,013
2.04	**Cash and cash equivalents**		
	Balance with Banks		
	- Current Accounts	**91,29,779**	1,79,01,334
	Total	**91,29,779**	1,79,01,334
2.05	**Other Financial Assets**		
	Loans and Advances to Related Parties	**1,50,56,69,052**	1,10,08,37,524
	Total	**1,50,56,69,052**	1,10,08,37,524
2.06	**Other Current assets**		
	Prepaid expenses	**56,61,383**	95,607
	Advance for supply of goods and rendering of services	**85,99,416**	75,066
	Balances with Government authorities	**15,29,619**	3,23,713
	Total	**1,57,90,418**	4,94,386

2.07 Equity

Share capital

	As at March 31, 2019	As at March 31, 2018
		Amount in ₹
Authorised		
1000(1000) Ordinary Shares of GBP 1 each	**1,00,500**	94,500
Issued, subscribed & fully paid up (GBP 1 per share)		
2(2) Ordinary Shares of GBP 1 each, fully paid up	**201**	189
Total	**201**	189

i. Movement in share capital

	No. of Shares	Amount in ₹
As at April 1, 2017	**2**	188
Issued during the year	**-**	-
Foreign currency translation reserve		1
As at March 31, 2018	**2**	189
Issued during the year	**-**	-
Foreign currency translation reserve		12
As at March 31, 2019	**2**	201

ii. Rights, preferences and restriction attached to the shares

The Company has ordinary shares having a par value of GBP 1 each. Each holder of shares is entitled to one vote per share. In the event of liquidation of the Company, the holder of shares will be entitled to receive remaining assets of the Company. The distribution will be in proportion to the number of shares held by the shareholder.

iii. Shares of the company held by holding/ultimate holding company

	As at March 31, 2019	As at March 31, 2018
a) Reliance Globalcom Limited	**2**	2
	2	2

iv. Details of shareholders holding more than 5% shares in the Company

		As at March 31, 2019	As at March 31, 2018
Ordinary Shares			
a) Reliance Globalcom Limited			
	No. of Shares	**2**	2
	%	**100.00%**	100.00%

Other Equity

	As at March 31, 2019	As at March 31, 2018
a) Reserves and surplus	**74,54,54,082**	74,79,69,066
b) Other reserves	**8,19,82,832**	3,41,91,658
Total	**82,74,36,914**	78,21,60,724

a) Reserves and surplus
Retained earnings

	As at March 31, 2019	As at March 31, 2018
Opening balance	**74,79,69,066**	71,02,63,225
Net Profit / (loss) for the year	**(25,14,984)**	3,77,05,841
Closing balance	**74,54,54,082**	74,79,69,066

Retained earnings represent the amount of accumulated earnings at each Balance Sheet date, prepared in accordance with the basis of preparation section.

b) Other reserves
Foreign currency translation reserve

	As at March 31, 2019	As at March 31, 2018
Opening balance	**3,41,91,658**	3,00,55,007
Currency translation differences during the year	**4,77,91,174**	41,36,651
Closing balance	**8,19,82,832**	3,41,91,658

	Particulars	As at March 31, 2019	As at March 31, 2018
2.08	**Trade payables**		
	Trade payables	**2,556**	13,61,092
	Trade accruals	**57,57,569**	4,36,65,366
	Total	**57,60,125**	4,50,26,458
2.09	**Other Financial liabilities**		
	Due to related parties	**68,77,83,010**	27,02,00,257
	Total	**68,77,83,010**	27,02,00,257
2.10	**Other Current liabilities**		
	Deferred revenue	**-**	8,12,550
	Employee payables	**1,00,42,804**	2,46,70,594
	Statutory liabilities	**10,75,599**	15,20,737
	Total	**1,11,18,403**	2,70,03,881

Reliance Globalcom (UK) Limited
Notes Forming part of the Financial Statements for the year ended March 31, 2019

Amount in ₹

	Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
2.11	**Revenue from operations**		
	Lease capacity services	**99,526**	43,78,133
	Network service revenue	**33,37,96,603**	48,31,23,181
	Total	**33,38,96,129**	48,75,01,314
2.12	**Other income**		
	Provision/ Liabilities written back to the extent no longer required	**5,17,31,661**	58,66,723
	Miscellaneous income	**9,00,827**	40,68,066
	Total	**5,26,32,488**	99,34,789
2.13	**Network operation expenses**		
	Marine cable operations	**89,33,464**	69,97,410
	Network service cost	**-**	-
	Total	**89,33,464**	69,97,410
2.14	**Employee benefits expense**		
	Salaries, wages and bonus	**28,99,04,654**	29,96,82,229
	Contribution to Provident and other funds	**1,13,34,269**	1,30,12,538
	Staff welfare expenses	**99,97,808**	1,28,53,269
	Total	**31,12,36,731**	32,55,48,036
2.15	**Depreciation and amortization expense**		
	Depreciation on Tangible assets	**3,38,920**	2,25,347
	Less:recoupment from revaluation reserve	**-**	-
	Net Depreciation on tangible assets	**3,38,920**	2,25,347
	Amortisation of Intangible assets	**-**	-
	Total	**3,38,920**	2,25,347
2.16	**Other expenses**		
	Rent	**3,49,03,384**	4,33,06,940
	Rates and taxes	**83,80,549**	20,53,254
	Legal fees	**38,24,661**	31,83,675
	Professional charges	**4,89,418**	5,91,772
	Licensing and regulatory fees	**13,543**	-
	Travel and entertainment	**65,91,492**	97,10,978
	Communication	**85,425**	1,70,528
	Information technology support	**29,52,614**	37,57,622
	Bank charges	**68,646**	52,383
	Payment to auditors	**8,30,591**	6,79,242
	Facility usage charges	**75,54,616**	67,23,045
	Net Loss on Foreign Currency Transaction and Translation	**24,75,277**	5,64,39,894
	Miscellaneous expense	**3,64,270**	2,90,136
	Total	**6,85,34,486**	12,69,59,469

2.17 Segment Reporting

The RGL Group is being geared to provide the customers with a composite service tailored to their industry or their specific needs like cost optimization or increased speed of reach, which in-turn involves leveraging a combination of the assets and service capabilities of RGL Group. The Group CEO of RGL along with steering committee performs the function of Chief Operating Decision Maker ('CODM'). The RGL Group has a single operating segment, viz. Data Services Business. The Data Services Business of RGL Group provides an integrated service to its global customers.

The CODM reviews the segment results at a combined level for all regions and businesses, when assessing the RGL Group's overall performance and deciding the manner in which to allocate resources.

Further, when a composite service is offered to a customer, while the billing may be done in one jurisdiction the services in-turn would be sought or assets used would be from different legal entities within the RGL Group domiciled in different geographies. Therefore, it is impracticable to meaningfully disclose service revenue by geographical locations.

2.18 Earnings Per Share

Amount in ₹ except number of shares

	Particulars	**Year ended March 31, 2019**	Year ended March 31, 2018
A	Profit for the year attributable to shareholders	**(25,14,984)**	3,77,05,841
B	Weighted average number of share of GBP 1 each used as denominator for calculating Basic and Diluted EPS	**2**	2
C	Basic and Diluted Earnings per Share (A/B)	**(12,57,492)**	1,88,52,921

2.19 Notes to Foreign Currency Translation Reserve

The amounts relating to Balance Sheet items appearing in Indian Rupees have been translated at Closing Rate of 1 USD = ₹ 69.155 (March 31, 2018 1 USD = ₹ 65.175) and items relating to profit and loss have been translated at average rate of 1 USD = ₹ 69.916 (Previous year 1 USD = ₹ 67.074).

The amounts have been converted in INR to comply with the financial reporting requirement in India.

Reliance Globalcom (UK) Limited

Notes Forming part of the Financial Statements for the year ended March 31, 2019

2.20 Related Party Transactions

In accordance with Indian Accounting Standard 24 “Related Party Disclosures” issued by the Institute of Chartered Accountants of India, the company’s related parties and transactions are disclosed below which are in ordinary course of business and at arms’ length basis:

List of related parties:

(a) Parent company

i. Reliance Communications Limited
ii. Reliance Globalcom Limited

(b) Enterprises as affiliated companies are:

i. Reliance Globalcom Limited
ii. FLAG Atlantic UK Limited
iii. Reliance FLAG Telecom Ireland DAC
iv. Vanco UK Limited
v. FLAG Teleocm Nederland BV

(c) Sales of services

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Service Revenue		
Fellow subsidiaries	**33,37,96,603**	48,31,23,181
Total	**33,37,96,603**	48,31,23,181

Sales of services are negotiated with related parties on a cost-plus basis and are determined on the basis of market price.

(d) Purchase of services

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Employee benefits expenses		
Parent company	-	-
Fellow subsidiaries	**6,63,71,731**	-
Total	**6,63,71,731**	-

(e) Year-end balances arising from sales/purchases of services

Particulars	As at March 31, 2019	As at March 31, 2018
Advance to related parties		
Fellow subsidiaries	**1,50,56,69,052**	1,10,08,37,524
Total	**1,50,56,69,052**	1,10,08,37,524

Reliance Globalcom (UK) Limited

Notes Forming part of the Financial Statements for the year ended March 31, 2019

Particulars	**As at March 31, 2019**	As at March 31, 2018
Due to related parties		
Parent company	**62,26,03,515**	27,01,23,965
Fellow subsidiaries	**6,51,79,495**	76,292
Total	**68,77,83,010**	27,02,00,257

2.21 The previous year's figures have been regrouped and reclassified wherever necessary.

For Shridhar & Associates	**For Reliance Globalcom (UK) Limited**	
Chartered Accountants		
Firm Registration No. : 134427W		
Jitendra Sawjiany	**Andrew Goldie**	**B K Sinha**
Partner	Director	Director
Membership Number: 050980		
Place : Mumbai	Place :	Place :
Date : 22nd May 2019	Date : 21st May 2019	Date : 21st May 2019

Independent Auditors' Report

To the Board of Directors of FLAG Telecom Deutschland GmbH

Report on the Ind AS Financial Statements

Opinion

We have audited the accompanying standalone Ind AS financial statements of **FLAG Telecom Deutschland GmbH**("the Company"), which comprise the Balance Sheet as at 31st March, 2019, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the 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 standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the state of affairs of the Company as at 31st March, 2019, and its profit/loss (including 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 in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013 ("the Act"). Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Ind AS 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 together with the ethical requirements that are relevant to our audit of the Ind AS financial statements 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 Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter

We draw your attention to note 2.04 of the notes to the financial statements where the company has negative net worth amounting to INR 1,18,04,781 for the year 2019 and INR 1,13,55,768 for the year 2018 (excluding loss on account of FCTR) . The financial statements are prepared under going concern assumption since the immediate parent company (Reliance Globalcom Limited, Bermuda) will continue to support the company in meeting its liabilities as they fall due within the coming 12 months.

The Reliance Globalcom Limited, Bermuda has confirmed its intention to continue to support the company for at least 12 months from the date of approval of these financial statements, by providing sufficient funds to enable it to meet its liabilities and obligations as they fall due. On this basis, the directors have concluded that it remains appropriate to prepare the financial statements on the going concern.

Information Other than the Standalone Financial Statements and auditor’s Report Thereon

Our opinion on the Ind AS 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 standalone Ind AS financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Ind AS financial statements or our knowledge obtained in the 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.

This report is issued for the information and use of the Board of directors of the Company and of Reliance Communications Limited, the holding company in India to comply with the financial reporting requirements in India and should not be used for any other purposes without our prior written consent.

Management’s Responsibility for the Ind AS financial Statements

The Company’s Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 (“the Act”) with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (‘Ind AS’), prescribed under section 133 of the Companies Act, 2013 (“the Act”) read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015, the Companies (Indian Accounting Standards) Amendment Rules, 2016 and other provisions of the Act, to the extent notified and applicable as well as applicable guidance notes and pronouncements of the Institute of Chartered Accountants of India (the ICAI).

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 standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Audit of the Ind AS Financial Statements

Our responsibility is to express an opinion on these standalone Ind AS financial statements based on our audit.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the standalone Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the company has in place and adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the standalone Ind AS financial statements.

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.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone Ind AS financial statements.

For Shridhar& Associates
Chartered Accountants
Firm Registration No.134427W

Jitendra Sawjiany
Partner
Membership No.050980

Place: Mumbai
Date: 22nd May 2019

FLAG TELECOM DEUTSCHLAND GMBH
Balance Sheet as at March 31,2019

Amount in INR

Particulars	Notes	As at March 31,2019	As at March 31, 2018
ASSETS			
Non-current assets			
Property, plant and equipment	2.01	2,31,017	6,95,270
Total Non-current assets		2,31,017	6,95,270
Current assets			
Financial assets			
Cash and cash equivalents	2.02	5,89,050	3,51,039
Other Current assets	2.03	4,13,111	41,86,324
Total Current assets		10,02,161	45,37,363
Total Assets		12,33,178	52,32,633
EQUITY AND LIABILITIES			
Equity			
Equity share capital	2.04	15,79,154	14,88,271
Reserves & surplus	2.04	(1,33,83,935)	(1,28,44,030)
Other Reserves	2.04	(22,80,752)	(14,15,830)
Equity Attributable to Shareholders		(1,40,85,533)	(1,27,71,589)
Total Equity		(1,40,85,533)	(1,27,71,589)
LIABILITIES			
Current liabilities			
Financial liabilities			
Trade payables	2.05	13,72,385	62,33,555
Other Financial liabilities	2.06	1,39,46,326	1,17,70,667
		1,53,18,711	1,80,04,222
Total Liabilities		1,53,18,711	1,80,04,222
Total Equity and Liabilities		12,33,178	52,32,633

Basis of Preparation 1
Notes on Accounts 2
The Notes referred to above form an integral part of the Financial Statements.

As per our report of even date attached

For Shridhar & Associates
Chartered Accountants
Firm Registration No.: 134427W

For FLAG Telecom Deutschland GMBH

Jitendra Sawjiany
Partner
Membership No. 050980

Andrew Goldie
Director

Place: Mumbai
Date: 22nd May 2019

Place: Mumbai
Date: 21st May 2019

FLAG TELECOM DEUTSCHLAND GMBH
Statement of Profit and loss for the year ended March 31,2019

			Amount in INR
Particulars		**For the year ended**	For the year ended
	Note	**March 31,2019**	March 31, 2018
INCOME			
Revenue from operations	**2.07**	**-**	10,78,097
Other income	**2.08**	**56,74,428**	8,84,757
Total Income		**56,74,428**	19,62,854
EXPENSES			
Network operation expenses	**2.09**	**44,44,154**	-
Depreciation and amortization expense	**2.10**	**(2,681)**	26,605
Other expenses	**2.11**	**17,72,860**	16,47,522
Total Expenses		**62,14,333**	16,74,127
Profit before tax		**(5,39,905)**	2,88,727
Tax Expense			
Current Tax (Refund)/Paid		**-**	(57,583)
Deferred Tax		**-**	-
Net profit for the year		**(5,39,905)**	3,46,310
Other comprehensive income			
Items that may be subsequently reclassified to statement of profit or loss			
Currency translation difference		**(8,64,922)**	(68,936)
Total Comprehensive Income for the year		**(14,04,827)**	2,77,374
Earnings per Share of each fully paid up			
- Basic and diluted earnings per share	**2.13**	**(2,69,953)**	1,73,155

Basis of preparation **1**
Notes on Accounts **2**
The Notes referred to above form an integral part of the Financial Statements.

As per our report of even date attached

For Shridhar & Associates
Chartered Accountants
Firm Registration No.: 134427W

For FLAG Telecom Deutschland GMBH

Jitendra Sawjiany
Partner
Membership No. 050980

Andrew Goldie
Director

FLAG TELECOM DEUTSCHLAND GMBH
Cash Flow Statement for the year ended March 31,2019

Amount in INR

Particulars	For the year ended March 31,2019	For the year ended March 31, 2018
A) CASH FLOW FROM OPERATING ACTIVITIES:		
Profit/(Loss) Before Tax	**(5,39,905)**	2,88,727
Adjustments for:		
Depreciation and Amortisation	**(2,681)**	26,605
Foreign Currency Translation and exchange movement (net)	**(3,07,105)**	(67,801)
	(3,09,786)	(41,196)
Operating Profit before Working Capital Changes	**(8,49,691)**	2,47,531
Adjustments for:		
Decrease / (Increase) in other current financial assets	-	1,23,991
Decrease / (Increase) in other current assets	**37,73,213**	2,83,043
Increase / (Decrease) in trade payables	**(48,61,170)**	(7,06,422)
Increase / (Decrease) in other current financial liabilities	**21,75,659**	8,15,126
	10,87,702	5,15,738
Cash generated from / (used in) operations	**2,38,011**	7,63,269
Income Taxes Paid/(Refund)	-	(57,583)
Net Cash Generated from Operating Activities (A)	**2,38,011**	8,20,852
B) CASH FLOW FROM INVESTING ACTIVITIES:		
Purchase/ Sale of Fixed Assets (Including Capital Work in Progress)	-	(4,76,320)
Interest Received	-	-
Investment in Subsidiaries	-	-
Sale of Subsidiaries	-	-
Profit/Loss on Sale of LT Invt-Equity S	-	-
Net Cash Used in Investing Activities (B)	-	(4,76,320)
C) CASH FLOW FROM FINANCING ACTIVITIES:		
Interest Paid	-	-
Issue of Equity Share	-	-
Loan given	-	-
Loan taken/ (repayment)	-	-
Short Term Borrowing from bank	-	-
Application money pending allotement	-	-
Net Cash Used in Financing Activities (C)	-	-
Net Increase/ (Decrease) in Cash and Cash Equivalents (A+B+C)	**2,38,011**	3,44,532
Cash and Cash Equivalents at the Begininng of the Year	**3,51,039**	6,507
Cash and Cash Equivalents at the End of the Year	**5,89,050**	3,51,039

As per our report of even date attached

For Shridhar & Associates
Chartered Accountants
Firm Registration No.: 134427W

For FLAG Telecom Deutschland GMBH

FLAG TELECOM DEUTSCHLAND GMBH
Statement of changes in equity for the year ended March 31,2019

Statement of Changes in Equity

		Other Equity	
		Reserves and Surplus	Other Comprehensive Income
Particulars	**Share capital**	**Retained Earnings**	**Foreign Exchange Translation Reserve***
Balance as at 01.04.2017	14,80,850	(1,31,90,340)	(13,46,894)
Net Profit for the year		3,46,310	
Currency translation	7,421		(68,936)
Balance as at 31.03.2018	**14,88,271**	**(1,28,44,030)**	**(14,15,830)**
Surplus/ (Deficit) of Statement of Profit and Loss		(5,39,905)	
Other Comprehensive Income	90,883		(8,64,922)
Balance as at 31.03.2019	**15,79,154**	**(1,33,83,935)**	**(22,80,752)**

*Foreign Exchange Translation Reserve: Exchange differences on translating the financial statements

As per our report of even date attached

For Shridhar & Associates
Chartered Accountants
Firm Registration No.: 134427W

For FLAG Telecom D

Jitendra Sawjiany
Partner
Membership No. 050980

Andrew Goldie
Director

Date: 22nd May 2019

Date: 21st May 201

FLAG TELECOM DEUTSCHLAND GMBH
Notes to the Financial Statements

2.01 Property, plant and equipment

Amount in INR

Particulars	Network Assets	Total
Gross carrying value		
As at April 1, 2018	8,11,243	8,11,243
Additions		-
Disposals		
Exchange differences	(4,59,823)	(4,59,823)
As at March 31,2019	**3,51,420**	**3,51,420**
Accumulated depreciation		
As at April 1, 2018	1,15,973	1,15,973
Depreciation	(2,681)	(2,681)
Disposal / adjustments		
Exchange differences	7,111	7,111
As at March 31,2019	**1,20,403**	**1,20,403**
Closing net carrying value As at March 31,2019	**2,31,017**	**2,31,017**
Gross carrying value As at March 31,2019	3,51,420	3,51,420
Accumulated depreciation	1,20,403	1,20,403
Closing net carrying value As at March 31,2019	**2,31,017**	**2,31,017**

Particulars	Network Assets	Total
Gross carrying value		
As at April 1, 2017	3,27,891	3,27,891
Additions	4,76,320	4,76,320
Disposals	-	-
Exchange differences	7,032	7,032
As at March 31, 2018	**8,11,243**	**8,11,243**
Accumulated depreciation		
As at April 1, 2017	88,622	88,622
Depreciation	26,606	26,606
Disposal / adjustments	-	-
Exchange differences	745	745
As at March 31, 2018	**1,15,973**	**1,15,973**
Closing net carrying value As at March 31, 2018	**6,95,270**	**6,95,270**
Gross carrying value As at March 31, 2018	8,11,243	8,11,243
Accumulated depreciation	1,15,973	1,15,973
Closing net carrying value As at March 31, 2018	**6,95,270**	**6,95,270**

FLAG TELECOM DEUTSCHLAND GMBH
Notes to the Financial Statements

		As at March 31,2019	As at March 31, 2018
2.02	**Cash and cash equivalents**		
	Cash on hand	-	-
	Balance with Banks		
	- Current Accounts	5,89,050	3,51,039
	Other Bank Balances	-	
	- Deposit Accounts	-	
	Total	5,89,050	3,51,039
2.03	**Other Current assets**		
	Balances with Government authorities	4,13,111	41,86,324
	Total	4,13,111	41,86,324

2.04 Equity

Share capital	As at March 31,2019	As at March 31, 2018
Authorised	15,79,154	14,88,271
Issued, subscribed & fully paid up (EUR 12,500 per share)	15,79,154	14,88,271
Total	15,79,154	14,88,271

i. Movement in share capital	No. of Shares	Amount in INR
As at March 31, 2017	2	14,80,850
Issued during the year	-	-
Foreign currency translation reserve		7,421
As at March 31, 2018	2	14,88,271
Issued during the year	-	-
Foreign currency translation reserve		90,883
As at March 31,2019	2	15,79,154

ii. Rights, preferences and restriction attached to the shares

The Company has only ordinary shares having a par value of Euro 12500 each per share. Each holder of shares is entitle

iii. Shares of the company held by holding/ultimate holding company

	As at March 31,2019	As at March 31, 2018
a) Reliance Globalcom Limited	2	2
	2	2

	As at March 31,2019	As at March 31, 2018
iv. Details of shareholders holding more than 5% shares in the Company		
Ordinary Shares		
a) Reliance Globalcom Limited		
No. of Shares	**2**	2
%	**100**	100

Other Equity		
a) Reserves and surplus	**(1,33,83,935)**	(1,28,44,030)
b) Other reserves	**(22,80,752)**	(14,15,830)
	(1,56,64,687)	(1,42,59,860)

a) Reserves & surplus

Retained earnings

	As at March 31,2019	As at March 31, 2018
Opening balance	**(1,28,44,030)**	(1,31,90,340)
Net Profit / (loss) for the year	**(5,39,905)**	3,46,310
Closing balance	**(1,33,83,935)**	(1,28,44,030)

Retained earnings represent the amount of accumulated earnings at each Balance Sheet date, prepared in accordance

b) Other reserves

Foreign currency translation reserve

	As at March 31,2019	As at March 31, 2018
Opening balance	**(14,15,830)**	(13,46,894)
Currency translation differences during the year	**(8,64,922)**	(68,936)
Closing balance	**(22,80,752)**	(14,15,830)

2.05 Trade payables

Trade payables	**36,191**	2,22,386
Trade accruals	**13,36,194**	60,11,169
Total	**13,72,385**	62,33,555

2.06 Other Financial liabilities

Due to related parties	**1,39,46,326**	1,17,70,667
Total	**1,39,46,326**	1,17,70,667

FLAG TELECOM DEUTSCHLAND GMBH
Notes to the Financial Statements

		For the year ended March 31,2019	Amount in INR For the year ended March 31, 2018
2.07	**Revenue from operations**		
	Network service revenue	-	10,78,097
		-	10,78,097
2.08	**Other income**		
	Gain on foreign exchange fluctuation (net)	**2,56,729**	4,09,893
	Provision/ Liabilities written back to the extent no longer required	**54,17,699**	1,39,033
	Miscellaneous income	-	3,35,831
		56,74,428	8,84,757
2.09	**Network operation expenses**		
	Network service cost	**44,44,154**	-
		44,44,154	-
2.10	**Depreciation and amortization expense**		
	Depreciation on Tangible assets	**(2,681)**	26,605
	Less:recoupment from revaluation reserve	**-**	-
	Net Depreciation on tangible assets	**(2,681)**	26,605
	Amortisation of Intangible assets	**-**	-
		(2,681)	26,605
2.11	**Other expenses**		
	Professional charges	**17,23,741**	4,10,238
	Licensing and regulatory fees	**40,186**	-
	Bank charges	**4,063**	6,198
	Miscellaneous expense	**4,870**	12,31,086
		17,72,860	16,47,522
2.13	**Earnings per share**		
	Profit for the period attributable to Common Share Holders (A)	**-5,39,905**	3,46,310
	Weighted average number of shares of EUR 12,500 each used as deno	**2**	2
	Basic and Diluted Earnings per Share (C=A/B)	**-2,69,953**	1,73,155

FLAG Telecom Deutschland Gmbh

Notes Forming part of the Financial Statements for the year ended March 31, 2019

1.01 General Information

The Principal activities of Flag Telecom Deutschland Limited (the "Company") are the Provision of Telecommunication Services, Sales and Marketing Support Services to its fellow subsidiaries and the Operation of a Fibre Optic Telecommunications network in Germany.

1.02 SIGNIFICANT ACCOUNTING POLICIES

a) Basis of Preparation of Financial Statements

The financial statements are prepared under historical cost convention in accordance with generally accepted accounting principles (GAAP) in India and in compliance with the Indian Accounting Standards (Ind AS) specified under section 133 to the Companies Act, 2013 read with Companies (Indian Accounting Standard) Rules, 2015 as notified/ amended by Ministry of Corporate Affairs, Government of India.

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle. Based on the nature of the services and their realization in cash and cash equivalents, the Company has ascertained its operating cycle as twelve months for the purpose of current – non-current classification of assets and liabilities.

Financial Statements have been prepared on a going concern basis and financial support as may be required, shall be extended by associates and / or parent company.

The Company has applied the following standards and amendments for the first time for their annual reporting period commencing April 1, 2018:

- Ind AS 115 Revenue from Contracts with Customers
- Amendment to Ind AS 21- Foreign Currency Transactions and Advance Consideration

The adoption of the above new standards, amendment and interpretation did not have material impact on these financial statements. There are no other Ind AS amendments that are effective that would be expected to have a material impact on the Company's Financial Statements.

Standards and amendments issued and not yet effective
The following standards and amendments, which were in issue but not yet effective and have not been early adopted by the Company.

Ind AS 116 - Leases

Ind AS 116 is applicable from annual periods beginning on or after April 1, 2019. It will replace previous lease standard Ind AS 17. Ind AS 116 sets out the principles for recognition, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to accounting for finance leases under Ind AS 17. The standard includes two recognition exemption for leases: leases of 'low-value' assets and short-term leases. At the commencement date of a lease, a lessee will recognise a liabilityto make lease payments and an asset representing right to use the underlying asset during the lease term. Lessor accounting under Ind AS 16 is substantially unchanged from today's accounting under Ind AS 17.

Appendix C to Ind AS 112 -'Uncertainty over Income tax treatments'

This Appendix explains how to recognize and measure deferred and current tax assets and liabilities where there is uncertainty over a tax treatment. It provides a framework to consider, recognize and measure the accounting impact of tax uncertainties. This Appendix is applicable for annual periods beginning on or after April 1, 2019.
The company is evaluating the impact of the new standard and amendment on the financial position and results of operation. There are no other standards that are not yet effective and that would be expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions

b) Foreign Currency

i) Foreign Currency Transactions

Initial Recognition

On initial recognition, all foreign currency transactions are recorded by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

Subsequent Recognition

As at the reporting date, non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction. All non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined. All monetary assets and liabilities in foreign currency are restated at the end of accounting period. The resulting foreign exchange gains and losses are recognized in the Statement of Profit and loss on a net basis.

ii) Translation into Presentation Currency

The financial statements are translated into presentation currency which is Indian Rupees. Foreign exchange gains and losses resulting from translation into presentation currency are recognized in Other Comprehensive Income

c) Property, plant and equipment

Recognition and measurement

Property, plant and equipment consists of network assets, leasehold improvements, computers and office equipment, vehicles, furniture and fittings.
Property, plant and equipment are stated at cost, net of accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the assets.

Subsequent expenditure

Subsequent costs are included in the asset’s carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the Statement of Profit and Loss during the financial period in which they are incurred.

Depreciation

Depreciation on all assets is calculated so as to write-down the cost of property, plant and equipment to its residual value over its estimated useful life. Estimated useful lives, residual values and depreciation methods are reviewed annually, taking into account commercial and technological obsolescence as well as normal wear and tear.
Depreciation is recorded on a straight-line basis over the estimated useful lives of the property, plant and equipment as follows:

Network assets..the shorter of 15 to 25 years or remaining useful lives
Leasehold improvements................................over the period of lease
Computers and office equipment....................3 to 6 years
Vehicles……………………………………….5 years
Furniture and fittings…....................................3 to 7 years

The estimated useful lives of network assets are determined based on the estimated period over which they will generate revenue. Depreciation on any capitalisation due to modifications, improvements of the assets is restricted to the remaining useful life of the fixed asset.
Any gain or loss on disposal of an item of property, plant and equipment is recognised in statement of profit or loss.

d) Financial Instruments

Financial instruments are recognised when the Company becomes a party to the contractual provisions of the instrument.

(a) Investments and other Financial Assets

(I) Classification
The Company classifies its financial assets in the following measurement categories:

a) those to be measured subsequently at fair value (either through other comprehensive income, or through Statement of profit and loss); and
b) those to be measured at amortised cost.

The classification depends on the Company’s business model for managing the financial assets and the contractual terms of the cash flows.
For assets measured at fair value, gains and losses will either be recorded in Statement of profit and loss or other comprehensive income (‘OCI’).

(II) Measurement

At initial recognition, the Company measures a financial asset at its fair value. Transaction costs of financial assets carried at fair value through the statement of profit and loss are expensed in the statement of profit and loss.

(III) Derecognition of financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the assets expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of the transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

(IV) Impairment of financial assets

The Company recognizes loss allowances using the expected credit loss (ECL) model for the financial assets which are not fair valued through profit or loss. Loss allowance for trade receivables with no significant financing component is measured at an amount equal to lifetime ECL. For all other financial assets, expected credit losses are measured at an amount equal to the 12-month ECL, unless there has been a significant increase in credit risk from initial recognition in which case those are measured at lifetime ECL. The amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognised as an impairment gain or loss in statement of profit or loss.

(b) Financial Liabilities
The Company determines the classification of its financial liabilities at initial recognition.

(I) Classification
The financial liabilities are classified in the following measurement categories:

a) those to be measured as financial liabilities at fair value through profit or loss,
b) those to be measured at amortised cost.

(II) Initial recognition and measurement

Financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. Financial liabilities are initially measured at the amortised cost unless at initial recognition, they are classified as fair value through profit and loss.

(III) Subsequent measurement

Financial liabilities are subsequently measured at amortised cost using the effective interest rate method. Financial liabilities carried at fair value through profit or loss are measured at fair value with all changes in fair value recognised in the statement of profit and loss.

(IV) Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the Statement of profit and loss.

e) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counter party.

f) Cash and Cash Equivalents

In the statement of cash flows, cash and cash equivalents include cash in hand, demand deposits with banks, other short-term highly liquid investments with original maturities of three months or less and that are readily convertible to known amount of cash and cash equivalent and bank overdrafts.

g) Share Capital

Ordinary Common Shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

h) Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified under current liabilities if payment is due within one year or less. If not, they are presented under non-current liabilities.
Trade payables are recognised initially at fair value and subsequently measured at amortised cost using effective interest rate method.

i) Provisions and Contingent Liabilities

Provisions are recognised when there is a present legal or constructive obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and there is a reliable estimate of the amount of the obligation. Provisions are measured at the best estimate of the expenditure required to settle the present obligation at the Balance Sheet date and are not discounted to its present value.

Contingent Liabilities: Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made.

j) Current and deferred Tax

Tax expense for the period, comprising current tax and deferred tax, are included in the determination of the net profit or loss for the period. Current tax is measured at the amount expected to be paid to the tax authorities in accordance with the taxation laws prevailing in the respective jurisdictions.
Deferred tax is recognized, using the liability method, for all the temporary differences, subject to the consideration of prudence in respect of deferred tax assets. Deferred tax assets are recognised and carried forward only to the extent that it is probable that sufficient future taxable income will be available against which such deferred tax assets can be realised. However, where there is unabsorbed depreciation or carry forward loss, the deferred tax asset is recognised and carried forward only to the extent that it is probable that the assets will be realised in future. Deferred tax assets and liabilities are measured using the tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date. At each Balance Sheet date, the Company re-assesses unrecognised deferred tax asset if any.

Current tax assets and current tax liabilities are offset when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle the asset and the liability on a net basis. Deferred tax assets and deferred tax liabilities are offset when there is a legally enforceable right to set off assets against liabilities representing current tax and where the deferred tax assets and the deferred tax liabilities relate to taxes on income levied by the same governing taxation laws.

k) Revenue Recognition

The Company has adopted Ind AS 115 Revenue from Contracts with Customers with a date of initial application of April 1, 2018. As a result, the Group has updated its accounting policy for revenue recognition as detailed below.

The Company has applied Ind AS 115 using the cumulative effect method and therefore the comparative information has not been restated and continues to be reported under Ind AS 18 .

Company recognizes revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and when specific criteria have been met for Company's activities as described below. Revenue is measured at the fair value of the consideration receivable and represents amount receivable for services rendered, net of taxes, expected variable consideration, price reductions and rebates. The company uses expected value method or most likely amount method to estimate the amount of variable consideration.

Where the contracts include multiple performance obligations, the transaction price will be allocated to each performance obligation based on the stand- alone selling prices. Where these are not directly observable, they are estimated based on market assessment approach.

Indefeasible Right of Use

The Company sells Right of Use (ROU) that provide customers with network capacity, typically over a 10 to 15 year period without transferring the legal title or giving an option to purchase the network capacity. Revenue from cancellable ROU arrangements are accounted as operating lease and recognized over the life of the contract.

Internet Protocol Services

The Company recognises internet protocol revenue over the term of the contract. Fees related to activation of services are deferred and recognised over the expected term of the related service agreement.

International Private Leased Circuits

International Private Leased Circuits include lease capacity services and restoration service for other network operators. The customer typically pays the charges for these services periodically over the life of the contract, which may be up to three years. Revenue is recognized in the Company's Statement of Profit and Loss over the term of the contract.

Operations and Maintenance Services

The Company provides operation and maintenance services over the life of the capacity contract, for which the Company receives Operation and Maintenance charges. Operation and maintenance charges are invoiced separately from capacity sales. Revenues relating to maintenance are recognized over the period in which the service is provided.

Network service revenue

Transfer pricing is based on provisions contained in Organization for Economic Co-operation & Development (the OECD guidelines).

FLAG Telecom Deutschland Gmbh

Notes Forming part of the Financial Statements for the year ended March 31, 2019

l) Deferred Revenue

Deferred Revenue represents income billed in accordance with the contract but not recognised in Statement of Profit and Loss as at the Balance Sheet date. Deferred Revenue net of the amount recognizable beyond one year is disclosed as unearned income in non-current liabilities and the amount recognizable within one year is disclosed as deferred revenue in current liabilities.

m) Accrued Income

Where the services are performed prior to billing, unbilled debtors is recognized in other current assets.

n) Use of Estimates

The presentation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of Balance Sheet and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognized in the year in which the results are known / materialized.

o) Earnings Per Share

i) Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the company
- by the weighted average number of equity shares outstanding during the financial year, adjusted for bonus elements in equity shares issued during the year.

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential equity shares, and
- the weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

2.12 Segment Reporting

The RGL Group is being geared to provide the customers with a composite service tailored to their industry or their specific needs like cost optimization or increased speed of reach, which in-turn involves leveraging a combination of the assets and service capabilities of RGL Group. The Group CEO of RGL along with steering committee performs the function of Chief Operating Decision Maker (‘CODM’). The RGL Group has a single operating segment, viz. Data Services Business. The Data Services Business of RGL Group provides an integrated service to its global customers.

The CODM reviews the segment results at a combined level for all regions and businesses, when assessing the RGL Group’s overall performance and deciding the manner in which to allocate resources.

Further, when a composite service is offered to a customer, while the billing may be done in one jurisdiction the services in-turn would be sought or assets used would be from different legal entities within the RGL Group domiciled in different geographies. Therefore, it is impracticable to meaningfully disclose service revenue by geographical locations.

2.13 Earnings Per Share

Amount in ₹ except number of shares

	Particulars	Year ended March 31, 2019	Year ended March 31, 2018
A	Profit for the year attributable to shareholders	**(5,39,905)**	3,46,310
B	Weighted average number of share of EUR 12,500 each used as denominator for calculating Basic and Diluted EPS	**2**	2
C	Basic and Diluted Earnings per Share (A/B)	**(2,69,953)**	1,73,155

2.14 Notes to Foreign Currency Translation Reserve

The amounts relating to Balance Sheet items appearing in Indian Rupees have been translated at Closing Rate of 1 USD = ₹ 69.155 (March 31 2018 1 USD = ₹ 65.175) and items relating to profit and loss have been translated at average rate of 1 USD = ₹ 69.916 (Previous year 1 USD = ₹ 64.446).

The amounts have been converted in INR to comply with the financial reporting requirement in India.

2.15 Related Party Transactions

In accordance with Indian Accounting Standard 24 “Related Party Disclosures” issued by the Institute of Chartered Accountants of India, the company’s related parties and transactions are disclosed below which are in ordinary course of business and at arms’ length basis:

FLAG Telecom Deutschland Gmbh

Notes Forming part of the Financial Statements for the year ended March 31, 2019

List of related parties:

(a) **Parent company**

i. Reliance Communication Limited
ii. Reliance Globalcom Limited

(b) **Related parties with whom transactions have taken place**

i. Reliance Globalcom Limited
ii. FLAG Telecom Taiwan Limited
iii. Reliance FLAG Telecom Ireland DAC
iv. Vanco GMBH

(c) **Sales of services**

Particulars	**For the year ended March 31, 2019**	For the year ended March 31, 2018
Service Revenue		
Parent company	**-**	-
Fellow subsidiaries	**-**	10,78,097
Total	**-**	10,78,097

Sales of services are negotiated with related parties on a cost-plus basis and are determined on the basis of market price.

(d) **Purchases of services**

Particulars	**For the year ended March 31, 2019**	For the year ended March 31, 2018
Network Operating Expenses		
Parent company	**-**	-
Fellow subsidiaries	**45,79,079**	-
Total	**45,79,079**	-

Purchases of services are negotiated with related parties on a cost-plus basis and are determined on the basis of market price.

FLAG Telecom Deutschland Gmbh

Notes Forming part of the Financial Statements for the year ended March 31, 2019

(e) **Year-end balances arising from sales/purchases of services**

Particulars	**As at 31 March 2019**	As at 31 March 2018
Due to related parties		
Parent company	**70,09,890**	90,89,929
Fellow subsidiaries	**69,36,437**	26,08,738
Total	**1,39,46,327**	1,16,98,667

2.16 The previous year's figures have been regrouped and reclassified wherever necessary.

For Shridhar & Associates

Chartered Accountants
Firm Registration No. : 134427W

Jitendra Sawjiany
Partner

Place : Mumbai
Date : 22nd May 2019

For FLAG Telecom Deutschland Gmbh

Andrew Goldie
Director

Place :
Date :21st May 2019

Independent Auditors' Report

To the Board of Directors of FLAG Telecom Network services DAC

Report on the Ind AS Financial Statements

Opinion

We have audited the accompanying standalone Ind AS financial statements of **FLAG Telecom Network services DAC**("the Company"), which comprise the Balance Sheet as at 31st March, 2019, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the 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 standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the state of affairs of the Company as at 31st March, 2019, and its profit/loss (including 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 in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013 ("the Act"). Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Ind AS 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 together with the ethical requirements that are relevant to our audit of the Ind AS financial statements 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 Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

We draw your attention to note 2.02 of the notes to the financial statements where the company has negative net worth amounting to INR 5,07,11,870 for the year 2019 and INR 5,07,11,940 for the year 2018 (excluding loss on account of FCTR) . The financial statements are prepared under going concern assumption since the immediate parent company(Reliance Globalcom Limited, Bermuda) will continue to support the company in meeting its liabilities as they fall due within the coming 12 months.

The Reliance Globalcom Limited, Bermuda has confirmed its intention to continue to support the company for at least 12 months from the date of approval of these financial statements, by providing sufficient funds to enable it to meet its liabilities and obligations as they fall due. On this basis, the directors have concluded that it remains appropriate to prepare the financial statements on the going concern.

Information Other than the Standalone Financial Statements and auditor's Report Thereon

Our opinion on the Ind AS 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 standalone Ind AS financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Ind AS financial statements or our knowledge obtained in the 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.

This report is issued for the information and use of the Board of directors of the Company and of Reliance Communications Limited, the holding company in India to comply with the financial reporting requirements in India and should not be used for any other purposes without our prior written consent.

Management's Responsibility for the Ind AS financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards ('Ind AS'), prescribed under section 133 of the Companies Act, 2013 ("the Act") read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015, the Companies (Indian Accounting Standards) Amendment Rules, 2016 and other provisions of the Act, to the extent notified and applicable as well as applicable guidance notes and pronouncements of the Institute of Chartered Accountants of India (the ICAI).

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 standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Audit of the Ind AS Financial Statements

Our responsibility is to express an opinion on these standalone Ind AS financial statements based on our audit.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the standalone Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the company has in place and adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the standalone Ind AS financial statements.

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.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone Ind AS financial statements.

For Shridhar& Associates
Chartered Accountants
Firm Registration No.134427W

Jitendra Sawjiany
Partner
Membership No.050980

Place: Mumbai
Date: 22nd May 2019

FLAG TELECOM NETWORK SERVICES DAC
Balance Sheet as at March 31, 2019

Amount in ₹

Particulars	Note	As at March 31, 2019	As at March 31, 2018
ASSETS			
Non-current assets			
Investments	**2.01**	**1,245**	1,174
Total Non-current assets		**1,245**	1,174
Total Assets		**1,245**	**1,174**
EQUITY AND LIABILITIES			
Equity			
Equity share capital	**2.02**	**1,221**	1,151
Other equity	**2.02**	**(6,45,24,985)**	(6,08,11,451)
Total equity		**(6,45,23,764)**	(6,08,10,300)
Liabilities			
Current liabilities			
Financial liabilities			
Trade payables	**2.03**	**37,574**	2,37,075
Other Financial liabilities	**2.04**	**6,44,87,435**	6,05,74,399
Total Current liabilities		**6,45,25,009**	6,08,11,474
Total Liabilities		**6,45,25,009**	6,08,11,474
Total Equity and Liabilities		**1,245**	1,174
General Information	**1.01**		
Significant Accounting Policies	**1.02**		
Notes to the Financial Statements	**2**		

The accompanying notes form an integral part of the financial statements

As per our report of even date attached

For Shridhar & Associates
Chartered Accountants
Firm Registration No. 134427W

For Flag Telecom Network Services DAC

Jitendra Sawjiany
Partner
Membership No : 050980

Place: Mumbai
Date: 22nd May 2019

Andrew Goldie
Director

Place:
Date: 21st May 2019

Dermot Lucey
Director

Place:
Date: 21st May 2019

FLAG TELECOM NETWORK SERVICES DAC
Statement of Profit and loss for the year ended March 31, 2019

Amount in ₹

Particulars	Note	For the year ended March 31, 2019	For the year ended March 31, 2018
INCOME			
Revenue from operations	**2.05**	**43,488**	4,27,715
Other income	**2.06**	**27,157**	387
Total Income		**70,645**	4,28,102
EXPENSES			
Network operation expenses	**2.07**	**-**	-
Other expenses	**2.08**	**70,645**	5,19,603
Total Expenses		**70,645**	5,19,603
Profit / (Loss) before tax		**-**	(91,501)
Tax expense			
-Current tax		**-**	-
Profit / (Loss) after tax		**-**	(91,501)
Other comprehensive income			
Items that may be subsequently reclassified to statement of profit or loss			
Currency translation		**(37,13,534)**	(3,03,815)
Total other comprehensive income for the year		**(37,13,534)**	(3,03,815)
Total comprehensive income for the year		**(37,13,534)**	(3,95,316)
Earnings / (Loss) per equity share	**2.10**		
1) Basic		**-**	(4,575.05)
2) Diluted		**-**	(4,575.05)
General Information	**1.01**		
Significant Accounting Policies	**1.02**		
Notes to the Financial Statements	**2**		

The accompanying notes form an integral part of the financial statements

As per our report of even date attached

For Shridhar & Associates
Chartered Accountants
Firm Registration No. 134427W

Jitendra Sawjiany
Partner
Membership No : 050980

Place: Mumbai
Date: 22nd May 2019

For Flag Telecom Network Services DAC

Andrew Goldie
Director

Place:
Date: 21st May 2019

Dermot Lucey
Director

Place:
Date: 21st May 2019

FLAG TELECOM NETWORK SERVICES DAC
Statement of Cash flows for the year ended March 31, 2019

Particulars	For the year ended March 31, 2019	Amount in ₹ For the year ended March 31, 2018
A) CASH FLOW FROM OPERATING ACTIVITIES:		
Loss before tax	**-**	(91,501)
Adjustments for:		
Foreign currency translation and exchange movement (Net)	**(37,13,535)**	(3,03,815)
	(37,13,535)	(3,95,316)
Changes in working capital		
Decrease / (Increase) in other current assets	**-**	64,349
Decrease / (Increase) in other financial assets	**-**	-
Increase / (Decrease) in trade payables	**(1,99,501)**	89,560
Increase / (Decrease) in other financial liabilities	**39,13,036**	2,41,407
Net cash used in operating activities (A)	**-**	**-**
Income tax (Paid) / Refund	**-**	**-**
B) CASH FLOW FROM INVESTING ACTIVITIES:	**-**	-
Net cash generated from investing activities (B)	**-**	**-**
C) CASH FLOW FROM FINANCING ACTIVITIES:		
Net cash generated from financing activities (C)	**-**	-
Net Increase / (Decrease) in cash and cash equivalents (A+B+C)	**-**	-
Cash and cash equivalents at the beginning of the year	**-**	-
Cash and cash equivalents at the end of the year	**-**	**-**

As per our report of even date attached

For Shridhar & Associates
Chartered Accountants
Firm Registration No. 134427W

Jitendra Sawjiany
Partner
Membership No : 050980

Place: Mumbai
Date: 22nd May 2019

For Flag Telecom Network Services DAC

Andrew Goldie
Director

Place:
Date: 21st May 2019

Dermot Lucey
Director

Place:
Date: 21st May 2019

FLAG TELECOM NETWORK SERVICES DAC
Statement of changes in equity for the year ended March 31, 2019

Amount in ₹

Particulars	Equity	Other equity		Total Other Equity	Total equity
	Share capital	Reserves and Surplus	Other Comprehensive income		
		Retained Earnings	Foreign Exchange Translation Reserve*		
Balance as at April 1, 2017	1,145	(5,06,21,590)	(97,94,545)	(6,04,16,135)	**(6,04,14,990)**
Net Profit / (Loss) for the year	-	(91,501)	-	(91,501)	**(91,501)**
Currency translation differences	-	-	(3,03,815)	(3,03,815)	**(3,03,815)**
Foreign exchange movement	6	-	-	-	**6**
Balance as at March 31, 2018	**1,151**	**(5,07,13,091)**	**(1,00,98,360)**	**(6,08,11,451)**	**(6,08,10,300)**
Net Profit / (Loss) for the year	-	-	-	-	**-**
Currency translation	-	-	(37,13,534)	(37,13,534)	**(37,13,534)**
Foreign exchange movement	70	-	-	-	**70**
Balance as at March 31, 2019	**1,221**	**(5,07,13,091)**	**(1,38,11,894)**	**(6,45,24,985)**	**(6,45,23,764)**

***Foreign Exchange Translation Reserve: Exchange differences on translating the financial statements**

As per our report of even date attached

For Shridhar & Associates
Chartered Accountants
Firm Registration No. 134427W

Jitendra Sawjiany
Partner
Membership No : 050980

Place: Mumbai
Date: 22nd May 2019

For Flag Telecom Network Services DAC

Andrew Goldie
Director

Place:
Date: 21st May 2019

Dermot Lucey
Director

Place:
Date: 21st May 2019

1.01 General Information

The principal activities of FLAG Telecom Network Service DAC (the "Company") are Non-trading activities.

1.02 SIGNIFICANT ACCOUNTING POLICIES

a) Basis of Preparation of Financial Statements

The financial statements are prepared under historical cost convention in accordance with generally accepted accounting principles (GAAP) in India and in compliance with the Indian Accounting Standards (Ind AS) specified under section 133 to the Companies Act, 2013 read with Companies (Indian Accounting Standard) Rules, 2015 as notified/ amended by Ministry of Corporate Affairs, Government of India.

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle. Based on the nature of the services and their realization in cash and cash equivalents, the Company has ascertained its operating cycle as twelve months for the purpose of current – non-current classification of assets and liabilities.

Financial Statements have been prepared on a going concern basis and financial support as may be required, shall be extended by associates and / or parent company.

The Company has applied the following standards and amendments for the first time for their annual reporting period commencing April 1, 2018:

- Ind AS 115 Revenue from Contracts with Customers
- Amendment to Ind AS 21- Foreign Currency Transactions and Advance Consideration

The adoption of the above new standards, amendment and interpretation did not have material impact on these financial statements. There are no other Ind AS amendments that are effective that would be expected to have a material impact on the Company's Financial Statements.

Standards and amendments issued and not yet effective

The following standards and amendments, which were in issue but not yet effective and have not been early adopted by the Company.

Ind AS 116 - Leases

Ind AS 116 is applicable from annual periods beginning on or after April 1, 2019. It will replace previous lease standard Ind AS 17. Ind AS 116 sets out the principles for recognition, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to accounting for finance leases under Ind AS 17. The standard includes two recognition exemption for leases: leases of 'low-value' assets and short-term leases. At the commencement date of a lease, a lessee will recognise a liabilityto make lease payments and an asset representing right to use the underlying asset during the lease term. Lessor accounting under Ind AS 16 is substantially unchanged from today's accounting under Ind AS 17.

Appendix C to Ind AS 112 -'Uncertainty over Income tax treatments'

This Appendix explains how to recognize and measure deferred and current tax assets and liabilities where there is uncertainty over a tax treatment. It provides a framework to consider,

recognize and measure the accounting impact of tax uncertainties. This Appendix is applicable for annual periods beginning on or after April 1, 2019.

The company is evaluating the impact of the new standard and amendment on the financial position and results of operation. There are no other standards that are not yet effective and that would be expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions

b) Foreign Currency

i) Foreign Currency Transactions

Initial Recognition

On initial recognition, all foreign currency transactions are recorded by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

Subsequent Recognition

As at the reporting date, non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction. All non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined. All monetary assets and liabilities in foreign currency are restated at the end of accounting period. The resulting foreign exchange gains and losses are recognised in the Statement of Profit and loss on a net basis.

ii) Translation into Presentation Currency

The financial statements are translated into presentation currency which is Indian Rupees. Foreign exchange gains and losses resulting from translation into presentation currency are recognised in Other Comprehensive Income.

c) Financial Instruments

Financial instruments are recognised when the Company becomes a party to the contractual provisions of the instrument.

(a) Investments and other Financial Assets

(I) Classification

The Company classifies its financial assets in the following measurement categories:

a) Those to be measured subsequently at fair value (either through other comprehensive income, or through Statement of profit and loss); and
b) Those to be measured at amortised cost.

The classification depends on the Company’s business model for managing the financial assets and the contractual terms of the cash flows.
For assets measured at fair value, gains and losses will either be recorded in Statement of profit and loss or other comprehensive income (‘OCI’).

(II) Measurement

At initial recognition, the Company measures a financial asset at its fair value. Transaction costs of financial assets carried at fair value through the statement of profit and loss are expensed in the statement of profit and loss.

(**III) Derecognition of financial assets**

The Company derecognizes a financial asset when the contractual rights to the cash flows from the assets expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of the transferred financial asset, the Company continues to recognize the financial asset and also recognises a collateralized borrowing for the proceeds received.

(**IV) Impairment of financial assets**

The Company recognizes loss allowances using the expected credit loss (ECL) model for the financial assets which are not fair valued through profit or loss. Loss allowance for trade receivables with no significant financing component is measured at an amount equal to lifetime ECL. For all other financial assets, expected credit losses are measured at an amount equal to the 12-month ECL, unless there has been a significant increase in credit risk from initial recognition in which case those are measured at lifetime ECL. The amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognised as an impairment gain or loss in statement of profit or loss.

(b) Financial Liabilities

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

(I) Classification

The financial liabilities are classified in the following measurement categories:

a) those to be measured as financial liabilities at fair value through profit or loss,
b) those to be measured at amortised cost.

(II) Initial recognition and measurement

Financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. Financial liabilities are initially measured at the amortised cost unless at initial recognition, they are classified as fair value through profit and loss.

(III) Subsequent measurement

Financial liabilities are subsequently measured at amortised cost using the effective interest rate
method. Financial liabilities carried at fair value through profit or loss are measured at fair value with all changes in fair value recognised in the statement of profit and loss.

(IV) Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the Statement of profit and loss.

d) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counter party.

e) Share Capital

Ordinary Common Shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

f) Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified under current liabilities if payment is due within one year or less. If not, they are presented under non-current liabilities.
Trade payables are recognised initially at fair value and subsequently measured at amortised cost using effective interest rate method.

g) Provisions and Contingent Liabilities

Provisions are recognised when there is a present legal or constructive obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be

required to settle the obligation and there is a reliable estimate of the amount of the obligation. Provisions are measured at the best estimate of the expenditure required to settle the present obligation at the Balance Sheet date and are not discounted to its present value.

Contingent Liabilities: Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made.

h) Current and deferred Tax

Tax expense for the period, comprising current tax and deferred tax, are included in the determination of the net profit or loss for the period. Current tax is measured at the amount expected to be paid
to the tax authorities in accordance with the taxation laws prevailing in the respective jurisdictions.
Deferred tax is recognized, using the liability method, for all the temporary differences, subject

to the consideration of prudence in respect of deferred tax assets. Deferred tax assets are recognised and carried forward only to the extent that it is probable that sufficient future taxable income will be available against which such deferred tax assets can be realised. However, where there is unabsorbed depreciation or carry forward loss, the deferred tax asset is recognised and carried forward only to the extent that it is probable that the assets will be realised in future. Deferred tax assets and liabilities are measured using the tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date. At each Balance Sheet date, the Company re-assesses unrecognised deferred tax asset if any.

Current tax assets and current tax liabilities are offset when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle the asset and the liability on a net basis. Deferred tax assets and deferred tax liabilities are offset when there is a legally enforceable right to set off assets against liabilities representing current tax and where the deferred tax assets and the deferred tax liabilities relate to taxes on income levied by the same governing taxation laws.

i) Revenue Recognition

The Company has adopted Ind AS 115 Revenue from Contracts with Customers with a date of initial application of April 1, 2018. As a result, the Group has updated its accounting policy for revenue recognition as detailed below.

The Company has applied Ind AS 115 using the cumulative effect method and therefore the comparative information has not been restated and continues to be reported under Ind AS 18 .

Company recognizes revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and when specific criteria have been met for Company's activities as described below. Revenue is measured at the fair value of the consideration receivable and represents amount receivable for services rendered, net of taxes, expected variable consideration, price reductions and rebates. The company uses expected value method or most likely amount method to estimate the amount of variable consideration.

Where the contracts include multiple performance obligations, the transaction price will be allocated to each performance obligation based on the stand- alone selling prices. Where these are not directly observable, they are estimated based on market assessment approach.

Indefeasible Right of Use

The Company sells Right of Use (ROU) that provide customers with network capacity, typically over a 10 to 15 year period without transferring the legal title or giving an option to purchase the network capacity. Revenue from cancellable ROU arrangements are accounted as operating lease and recognized over the life of the contract.

Internet Protocol Services

The Company recognises internet protocol revenue over the term of the contract. Fees related to activation of services are deferred and recognised over the expected term of the related service agreement.

International Private Leased Circuits

International Private Leased Circuits include lease capacity services and restoration service for other network operators. The customer typically pays the charges for these services periodically over the life of the contract, which may be up to three years. Revenue is recognized in the Company's Statement of Profit and Loss over the term of the contract.

Operations and Maintenance Services

The Company provides operation and maintenance services over the life of the capacity contract, for which the Company receives Operation and Maintenance charges. Operation and maintenance charges are invoiced separately from capacity sales. Revenues relating to maintenance are recognized over the period in which the service is provided.

Network service revenue/expense

Transfer pricing is based on provisions contained in Organization for Economic Co-operation & Development (the OECD guidelines).

j) Deferred Revenue

Deferred Revenue represents income billed in accordance with the contract but not recognised in Statement of Profit and Loss as at the Balance Sheet date. Deferred Revenue net of the amount recognizable beyond one year is disclosed as unearned income in non-current liabilities and the amount recognizable within one year is disclosed as deferred revenue in current liabilities.

k) Accrued Income

Where the services are performed prior to billing, unbilled debtors is recognized in other current assets.

l) Use of Estimates

The presentation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of Balance Sheet and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognised in the year in which the results are known / materialized.

m) Earnings Per Share

i) Basic earnings per share

Basic earnings per share is calculated by dividing:
- the profit attributable to owners of the company
- by the weighted average number of equity shares outstanding during the financial year, adjusted for bonus elements in equity shares issued during the year.

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:
- the after income tax effect of interest and other financing costs associated with dilutive potential equity shares, and
- the weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

FLAG TELECOM NETWORK SERVICES DAC
Notes Forming part of the Financial Statements for the year ended March 31, 2019

Amount in ₹

	Particulars	As at March 31, 2019	As at March 31, 2018
2.01	**Investments**		
	Non-current		
	Investment in subsidiaries		
	Unquoted, fully paid up		
	20 Ordinary shares (March 31, 2018 : 20) of Reliance Flag Telecom Ireland DAC of Euro 1 each fully paid up	**1,245**	1,174
	Total	**1,245**	1,174

2.02 Equity
Equity share capital

Amount in ₹

	As at March 31, 2019	As at March 31, 2018
Authorised		
1,000,000 (1,000,000) Ordinary shares of Euro 1 each	**5,75,50,000**	5,75,50,000
Total	**5,75,50,000**	5,75,50,000
Issued, subscribed & fully paid up		
20(20) Ordinary shares of Euro 1 each fully paid up	**1,221**	1,151
Total	**1,221**	1,151

i. Movement in share capital

	No. of Shares	Amount in ₹
As at April 1, 2017	**20**	1,145
Issued during the year	**-**	-
Foreign exchange movement		6
As at March 31, 2018	**20**	**1,151**
Issued during the year	**-**	-
Foreign exchange movement		70
As at March 31, 2019	**20**	**1,221**

ii. Rights, preferences and restriction attached to the shares

The Company has only ordinary shares having a par value of Euro 1 each. Each holder of shares is entitled to one vote per share. In the event of liquidation of the Company, the holder of shares will be entitled to receive remaining assets of the Company. The distribution will be in proportion to the number of shares held by the shareholder.

iii. Shares of the company held by holding/ultimate holding company

	As at March 31, 2019	As at March 31, 2018
a) Flag Telecom Development Limited	**20**	20
	20	20

iv. Details of shareholders holding more than 5% shares in the Company

		As at March 31, 2019	As at March 31, 2018
Ordinary Shares			
i) Flag Telecom Development Limited			
	No. of Shares	**20**	20
	% Shareholding	**100%**	100%

	As at March 31, 2019	As at March 31, 2018
Other equity		
a) Reserves and Surplus	**(5,07,13,091)**	(5,07,13,091)
b) Other Reserves	**(1,38,11,894)**	**(1,00,98,360)**
Total	**(6,45,24,985)**	(6,08,11,451)

a) Reserves and Surplus
Retained Earnings

	As at March 31, 2019	As at March 31, 2018
Opening balance	**(5,07,13,091)**	(5,06,21,590)
Net profit/(loss) for the year	**-**	(91,501)
Total	**(5,07,13,091)**	(5,07,13,091)

Retained earnings represent the amount of accumulated earnings at each Balance Sheet date, prepared in accordance with the basis of preparation section.

b) Other reserves
Foreign Exchange Translation Reserve

	As at March 31, 2019	As at March 31, 2018
Opening balance	**(1,00,98,360)**	(97,94,545)
Currency translation differences during the year	**(37,13,534)**	(3,03,815)
Total	**(1,38,11,894)**	(1,00,98,360)

	Particulars	As at March 31, 2019	As at March 31, 2018
2.03	**Trade payables**		
	Trade accruals	**37,574**	2,37,075
	Total	**37,574**	2,37,075
2.04	**Other Financial liabilities**		
	Due to related parties	**6,44,87,435**	6,05,74,399
	Total	**6,44,87,435**	6,05,74,399

FLAG TELECOM NETWORK SERVICES DAC
Notes Forming part of the Financial Statements for the year ended March 31, 2019

Amount in ₹

	Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
2.05	**Revenue from operations**		
	Network service revenue	**43,488**	4,27,715
	Total	**43,488**	4,27,715
2.06	**Other Income**		
	Gain on foreign exchange fluctuation (net)	**27,157**	-
	Miscellaneous Income	**-**	387
	Total	**27,157**	387
2.07	**Network operation expenses**		
	Network service expense	**-**	-
	Total	**-**	-
2.08	**Other expenses**		
	Payment to auditors	**35,163**	33,017
	Professional Charges	**35,482**	3,90,057
	Rates and taxes	**-**	91,888
	Loss on Foreign Exchange Fluctuation (Net)	**-**	4,641
	Total	**70,645**	5,19,603

2.09 Segment Reporting

The RGL Group is being geared to provide the customers with a composite service tailored to their industry or their specific needs like cost optimization or increased speed of reach, which in-turn involves leveraging a combination of the assets and service capabilities of RGL Group. The Group CEO of RGL along with steering committee performs the function of Chief Operating Decision Maker ('CODM'). The RGL Group has a single operating segment, viz. Data Services Business. The Data Services Business of RGL Group provides an integrated service to its global customers.

The CODM reviews the segment results at a combined level for all regions and businesses, when assessing the RGL Group's overall performance and deciding the manner in which to allocate resources.

Further, when a composite service is offered to a customer, while the billing may be done in one jurisdiction the services in-turn would be sought or assets used would be from different legal entities within the RGL Group domiciled in different geographies. Therefore, it is impracticable to meaningfully disclose service revenue by geographical locations.

2.10 Earnings Per Share

Amount in ₹ except number of shares

Particulars		**For the year ended March 31, 2019**	**For the year ended March 31, 2018**
A	Profit / (Loss) for the year attributable to shareholders	-	(91,501)
B	Weighted average number of share of Euro 1 each used as denominator for calculating Basic and Diluted EPS	20	20
C	Basic and Diluted Earnings per Share (A/B)	-	(4,575.05)

2.11 Notes to Foreign Currency Translation Reserve

The amounts relating to Balance Sheet items appearing in Indian Rupees have been translated at Closing Rate of 1 USD = ₹ 69.155 (March 31, 2018 1 USD = ₹ 65.175) and items relating to profit and loss have been translated at average rate of 1 USD = ₹ 64.446 (Previous year 1 USD = ₹ 64.446).

The amounts have been converted in INR to comply with the financial reporting requirement in India.

2.12 Related Party Transactions

In accordance with Indian Accounting Standard 24 "Related Party Disclosures" issu2ed by the Institute of Chartered Accountants of India, the company's related parties and transactions are disclosed below which are in ordinary course of business and at arm's length basis:

Notes forming part of the Financial Statements for the year ended March 31, 2019

List of related parties:

(a) Parent company

i. Reliance Communication Limited
ii. Reliance Globalcom Limited
iii. FLAG Telecom Development Limited

(b) List of subsidiaries

i. Reliance FLAG Telecom Ireland DAC

(c) Enterprises as affiliated companies are:

i. Reliance Globalcom Limited
ii. Reliance FLAG Telecom Ireland DAC

(d) Sales of services

Amount in ₹

Particulars	**For the year ended March 31, 2019**	For the year ended March 31, 2018
Service Revenue		
Subsidiaries	43,488	4,27,715
Total	**43,488**	4,27,715

Sales of services are negotiated with related parties on a cost-plus basis and are determined on the basis of market price.

(e) Year-end balances arising from sales/purchases of services

Particulars	**As at March 31, 2019**	As at March 31, 2018
Due to related parties		
Parent company	**6,12,04,713**	5,76,20,757
Subsidiaries	**32,82,722**	29,53,642
Total	**6,44,87,435**	6,05,74,399

2.13 The previous year’s figures have been regrouped and reclassified wherever necessary.

For Shridhar & Associates Chartered Accountants Firm Registration No. : 134427W	**For FLAG TELECOM NETWORK SERVICES DAC**	
Jitendra Sawjiany Partner Membership Number: 050980	**Dermot Lucey** Director	**Andrew Goldie** Director
Place : Mumbai Date : 22nd May 2019	Place : Date : 21st May 2019	Place : Date : 21st May 2019

Independent Auditors' Report

To the Board of Directors of RELIANCE FLAG Telecom Ireland DAC

Report on the Ind AS Financial Statements

Opinion

We have audited the accompanying standalone Ind AS financial statements of **RELIANCE FLAG Telecom Ireland DAC** ("the Company"), which comprise the Balance Sheet as at 31st March, 2019, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the 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 standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the state of affairs of the Company as at 31st March, 2019, and its profit/loss (including 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 in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013 ("the Act"). Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Ind AS 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 together with the ethical requirements that are relevant to our audit of the Ind AS financial statements 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 Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter

We draw your attention to note 2.09 of the notes to the financial statements where the company has negative net worth amounting to INR 26,87,92,635 for the year 2019 and INR 29,10,31,234 for the year 2018 (excluding loss on account of FCTR) . The financial statements are prepared under going concern assumption since the immediate parent company (Reliance Globalcom Limited, Bermuda) will continue to support the company in meeting its liabilities as they fall due within the coming 12 months.

The Reliance Globalcom Limited, Bermuda has confirmed its intention to continue to support the company for at least 12 months from the date of approval of these financial statements, by providing sufficient funds to enable it to meet its liabilities and obligations as they fall due. On this basis, the directors have concluded that it remains appropriate to prepare the financial statements on the going concern.

Other Information

Our opinion on the Ind AS 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 Ind AS financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Ind AS financial statements or our knowledge obtained in the 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.

This report is issued for the information and use of the Board of directors of the Company and of Reliance Communications Limited, the holding company in India to comply with the financial reporting requirements in India and should not be used for any other purposes without our prior written consent.

Management's Responsibility for the Ind AS financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards ('Ind AS'), prescribed under section 133 of the Companies Act, 2013 ("the Act") read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015, the Companies (Indian Accounting Standards) Amendment Rules, 2016 and other provisions of the Act, to the extent notified and applicable as well as applicable guidance notes and pronouncements of the Institute of Chartered Accountants of India (the ICAI).

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 standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Audit of the Ind AS Financial Statements

Our responsibility is to express an opinion on these standalone Ind AS financial statements based on our audit.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the standalone Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the company has in place and adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the standalone Ind AS financial statements.

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.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone Ind AS financial statements.

For Shridhar& Associates
Chartered Accountants
Firm Registration No.134427W

Jitendra Sawjiany
Partner
Membership No.050980

Place: Mumbai
Date: 22nd May 2019

RELIANCE FLAG TELECOM IRELAND DAC
Balance Sheet as at March 31, 2019

Particulars	Note	As at March 31, 2019	As at March 31, 2018
			Amount in ₹
ASSETS			
Non-current assets			
Property, plant and equipment	**2.01**	**50,35,935**	60,10,907
Other intangible assets	**2.02**	**27,04,31,923**	25,61,08,313
Investments	**2.03**	**63,22,334**	59,58,473
Deferred Tax assets	**2.04**	**9,49,40,479**	-
Total Non-current assets		**37,67,30,671**	26,80,77,693
Current assets			
Financial assets			
Trade receivables	**2.05**	**3,23,40,58,389**	2,92,28,06,482
Cash and cash equivalents	**2.06**	**18,39,91,860**	13,73,05,136
Other Financial assets	**2.07**	**16,28,55,36,220**	13,43,69,80,690
Other Current assets	**2.08**	**34,66,737**	52,76,975
Total Current assets		**19,70,70,53,206**	16,50,23,69,283
Total Assets		**20,08,37,83,877**	16,77,04,46,976
EQUITY AND LIABILITIES			
Equity			
Equity share capital	**2.09**	**1,221**	1,151
Other equity	**2.09**	**16,40,51,547**	13,38,79,530
Total equity		**16,40,52,768**	13,38,80,681
Liabilities			
Non-current liabilities			
Other Non-current liabilities	**2.10**	**7,62,47,17,781**	7,52,24,73,512
Total Non-current liabilities		**7,62,47,17,781**	7,52,24,73,512
Current liabilities			
Financial liabilities			
Trade payables	**2.11**	**29,55,95,750**	52,20,36,954
Other Financial liabilities	**2.12**	**10,58,33,40,646**	7,13,67,61,732
Other Current liabilities	**2.13**	**1,41,60,76,932**	1,45,52,94,097
Total Current liabilities		**12,29,50,13,328**	9,11,40,92,783
Total Liabilities		**19,91,97,31,109**	16,63,65,66,295
Total Equity and Liabilities		**20,08,37,83,877**	16,77,04,46,976
General Information	**1.01**		
Significant Accounting Policies	**1.02**		
Notes to the Financial Statements	**2**		

The accompanying notes form an integral part of the financial statements

As per our report of even date attached

For Shridhar & Associates
Chartered Accountants
Firm Registration No. 134427W

For Reliance Flag Telecom Ireland DAC

Jitendra Sawjiany
Partner
Membership No : 050980

Place: Mumbai
Date: 22nd May 2019

Andrew Goldie
Director

Place:
Date: 21st May 2019

Dermot Lucey
Director

Place:
Date: 21st May 2019

RELIANCE FLAG TELECOM IRELAND DAC
Statement of Profit and loss for the year ended March 31, 2019

Amount in ₹

Particulars	Note	For the year ended March 31, 2019	For the year ended March 31, 2018
INCOME			
Revenue from operations	**2.14**	**7,70,93,63,781**	6,94,67,90,462
Other income	**2.15**	**1,79,265**	20,17,493
Total Income		**7,70,95,43,046**	6,94,88,07,955
EXPENSES			
Network operation expenses	**2.16**	**7,13,83,64,920**	6,39,24,80,432
Employee benefits expense	**2.17**	**74,30,214**	1,06,73,850
Depreciation and amortization expense	**2.18**	**4,51,77,329**	3,51,49,514
Other expenses	**2.19**	**59,23,17,283**	12,85,93,665
Total Expenses		**7,78,32,89,746**	6,56,68,97,461
Profit / (Loss) before tax		**(7,37,46,700)**	38,19,10,494
Tax Expense			
-Current Tax		-	-
-Deferred Tax		**(9,59,85,229)**	-
		(9,59,85,229)	-
Profit / (Loss) after tax		**2,22,38,529**	38,19,10,494
Other comprehensive income			
Items that may be subsequently reclassified to statement of profit or loss			
Currency translation		**79,33,488**	30,61,632
Total other comprehensive income for the year		**79,33,488**	30,61,632
Total comprehensive income for the year		**3,01,72,017**	38,49,72,126
Earnings / (Loss) per equity share	**2.21**		
(1) Basic		**11,11,926**	1,90,95,525
(2) Diluted		**11,11,926**	1,90,95,525
General Information	**1.01**		
Significant Accounting Policies	**1.02**		
Notes to the Financial Statements	**2**		

The accompanying notes form an integral part of the financial statements

As per our report of even date attached

For Shridhar & Associates
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Jitendra Sawjiany
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Dermot Lucey
Director

Place:
Date: 21st May 2019

RELIANCE FLAG TELECOM IRELAND DAC
Statement of Cash flows for the year ended March 31, 2019

Particulars	For the year ended March 31, 2019	Amount in ₹ For the year ended March 31, 2018
A) CASH FLOW FROM OPERATING ACTIVITIES:		
Profit / (Loss) before tax	**(7,37,46,700)**	38,19,10,494
Adjustments for:		
Depreciation and amortisation expense	**4,51,77,329**	3,51,49,514
Provision for doubtful debts	**49,40,04,293**	4,84,06,300
Foreign currency translation and exchange movement (Net)	**(84,66,149)**	12,45,291
	45,69,68,773	46,67,11,599
Changes in working capital		
Decrease / (Increase) in other non-current assets	**-**	
Decrease / (Increase) in trade receivables	**(80,52,56,200)**	69,50,99,443
Decrease / (Increase) in other financial assets	**(2,84,85,55,530)**	(4,07,89,06,226)
Decrease / (Increase) in other current assets	**18,10,238**	(17,65,323)
Increase / (Decrease) in other non-current liabilities	**10,22,44,269**	(47,14,64,442)
Increase / (Decrease) in trade payables	**(22,64,41,204)**	29,58,92,054
Increase / (Decrease) in other financial liabilites	**3,44,65,78,914**	3,20,51,46,829
Increase / (Decrease) in other currrent liabilities	**(3,92,17,165)**	2,18,78,364
Cash generated from / (used in) operations	**8,81,32,095**	13,25,92,298
Income Tax (Paid) / Refund	**10,44,750**	
Net cash generated from / (used in) operating activities (A)	**8,91,76,845**	13,25,92,298
B) CASH FLOW FROM INVESTING ACTIVITIES:		
Purchase of property, plant and equipment and intangible assets (including capital work-in-progress)	**(4,24,90,121)**	(11,16,35,037)
Net cash (used in) / generated from investing activities (B)	**(4,24,90,121)**	(11,16,35,037)
C) CASH FLOW FROM FINANCING ACTIVITIES:		
Net cash generated from financing activities (C)	**-**	-
Net (Decrease) in cash and cash equivalents (A+B+C)	**4,66,86,724**	2,09,57,261
Cash and cash equivalents at the beginning of the year	**13,73,05,136**	11,63,47,875
Cash and cash equivalents at the end of the year (refer Note 2.06)	18,39,91,860	13,73,05,136

As per our report of even date attached

For Shridhar & Associates
Chartered Accountants
Firm Registration No. 134427W

For Reliance Flag Telecom Ireland DAC

Jitendra Sawjiany
Partner
Membership No : 050980
Place: Mumbai
Date: 22nd May 2019

Andrew Goldie
Director

Place:
Date: 22nd May 2019

Dermot Lucey
Director

Place:
Date: 22nd May 2019

RELIANCE FLAG TELECOM IRELAND DAC
Statement of changes in equity for the year ended March 31, 2019

Amount in ₹

Particulars	Equity	Other Equity		Total Other Equity	Total Equity
	Share capital	Reserves and Surplus	Other Comprehensive Income		
		Retained Earnings	Foreign Exchange translation reserve*		
Balance as at April 1, 2017	**1,145**	(67,29,42,879)	42,18,50,283	(25,10,92,596)	**(25,10,91,451)**
Net Profit for the year	-	38,19,10,494	-	38,19,10,494	**38,19,10,494**
Currency translation	-	-	30,61,632	30,61,632	**30,61,632**
Foreign exchange movement	6	-	-	-	**6**
Balance as at March 31, 2018	**1,151**	**(29,10,32,385)**	**42,49,11,915**	**13,38,79,530**	**13,38,80,681**
Net Profit for the year	-	2,22,38,529	-	2,22,38,529	**2,22,38,529**
Currency translation	-	-	79,33,488	79,33,488	**79,33,488**
Foreign exchange movement	70	-	-	-	**70**
Balance as at March 31, 2019	**1,221**	**(26,87,93,856)**	**43,28,45,403**	**16,40,51,547**	**16,40,52,768**

***Foreign Exchange translation reserve: Exchange differences on translating the financial statements**

As per our report of even date attached

For Shridhar & Associates
Chartered Accountants
Firm Registration No. 134427W

For Reliance Flag Telecom Ireland DAC

Jitendra Sawjiany
Partner
Membership No : 050980

Place: Mumbai
Date: 22nd May 2019

Andrew Goldie
Director

Place:
Date: 21st May 2019

Dermot Lucey
Director

Place:
Date: 21st May 2019

1.01 General Information

The principal activities of Reliance FLAG Telecom Ireland DAC (the "Company") are Global Network Services Provider & Independent Carrier's Carrier.

1.02 SIGNIFICANT ACCOUNTING POLICIES

a) Basis of Preparation of Financial Statements

The financial statements are prepared under historical cost convention in accordance with generally accepted accounting principles (GAAP) in India and in compliance with the Indian Accounting Standards (Ind AS) specified under section 133 to the Companies Act, 2013 read with Companies (Indian Accounting Standard) Rules, 2015 as notified/ amended by Ministry of Corporate Affairs, Government of India.

All assets and liabilities have been classified as current or non-current as per the Company’s normal operating cycle. Based on the nature of the services and their realization in cash and cash equivalents, the Company has ascertained its operating cycle as twelve months for the purpose of current – non-current classification of assets and liabilities.

Financial Statements have been prepared on a going concern basis.

The Company has applied the following standards and amendments for the first time for their annual reporting period commencing April 1, 2018:

- Ind AS 115 Revenue from Contracts with Customers
- Amendment to Ind AS 21- Foreign Currency Transactions and Advance Consideration

The adoption of the above new standards, amendment and interpretation did not have material impact on these financial statements. There are no other Ind AS amendments that are effective that would be expected to have a material impact on the Company’s Financial Statements.

Standards and amendments issued and not yet effective
The following standards and amendments, which were in issue but not yet effective and have not been early adopted by the Company.

Ind AS 116 - Leases

Ind AS 116 is applicable from annual periods beginning on or after April 1, 2019. It will replace previous lease standard Ind AS 17. Ind AS 116 sets out the principles for recognition, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to accounting for finance leases under Ind AS 17. The standard includes two recognition exemption for leases: leases of 'low-value' assets and short-term leases. At the commencement date of a lease, a lessee will recognise a liabilityto make lease payments and an asset representing right to use the underlying asset during the lease term. Lessor accounting under Ind AS 16 is substantially unchanged from today's accounting under Ind AS 17.

Appendix C to Ind AS 112 -'Uncertainty over Income tax treatments'

This Appendix explains how to recognize and measure deferred and current tax assets and liabilities where there is uncertainty over a tax treatment. It provides a framework to consider, recognize and measure the accounting impact of tax uncertainties. This Appendix is applicable for annual periods beginning on or after April 1, 2019.

The company is evaluating the impact of the new standard and amendment on the financial position and results of operation. There are no other standards that are not yet effective and that would be expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions

b) Foreign Currency

i) Foreign Currency Transactions

Initial Recognition

On initial recognition, all foreign currency transactions are recorded by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

Subsequent Recognition

As at the reporting date, non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction. All non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined. All monetary assets and liabilities in foreign currency are restated at the end of accounting period. The resulting foreign exchange gains and losses are recognized in the Statement of Profit and loss on a net basis.

ii) Translation into Presentation Currency

The financial statements are translated into presentation currency which is Indian Rupees. Foreign exchange gains and losses resulting from translation into presentation currency are recognized in Other Comprehensive Income.

c) Property, plant and equipment

Recognition and measurement

Property, plant and equipment consists of network assets, leasehold improvements, computers and office equipment, vehicles, furniture and fittings.
Property, plant and equipment are stated at cost, net of accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the assets.

Subsequent expenditure

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the Statement of Profit and Loss during the financial period in which they are incurred.

Depreciation

Depreciation on all assets is calculated so as to write-down the cost of property, plant and equipment to its residual value over its estimated useful life. Estimated useful lives, residual values and depreciation methods are reviewed annually, taking into account commercial and technological obsolescence as well as normal wear and tear.

Depreciation is recorded on a straight-line basis over the estimated useful lives of the property, plant and equipment as follows:

Network assets..the shorter of 15 to 25 years or remaining useful lives
Leasehold improvements......................... over the period of lease
Computers and office equipment...............3 to 6 years
Vehicles……………………………………5 years
Furniture and fittings….................................3 to 7 years

The estimated useful lives of network assets are determined based on the estimated period over which they will generate revenue. Depreciation on any capitalisation due to modifications, improvements of the assets is restricted to the remaining useful life of the fixed asset.
Any gain or loss on disposal of an item of property, plant and equipment is recognised in statement of profit or loss.

Capital work in Progress

Costs incurred prior to the capital project's completion are reflected as capital-work-in-progress, which is transferred to property, plant and equipment at the date the project is complete. Capital-work-in-progress is stated at cost.

d) Intangible Assets

Indefeasible Right of Use (IRU)

IRU are amortised over their estimated useful lives of 5 to 25 years on straight line basis. The estimated useful life of IRUs is based on the contractual terms of the respective contracts.

Software and Licences

Acquired computer software licences are capitalized on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortized over their estimated useful lives of 3 to 5 years.

Costs that are directly associated with the production of identifiable and unique software products controlled by the entity and that will probably generate economic benefits exceeding costs beyond 1 year, are recognized as intangible assets.

Computer software development costs recognized as intangible assets and are amortized over their estimated useful lives, not exceeding 5 years.

Intangible Assets under Development

Intangible assets not ready for the intended use on the date of the Balance Sheet are disclosed as "intangible assets under development".

e) Impairment of Non-Financial assets

Non-Financial assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non- financial assets that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

f) Financial Instruments

Financial instruments are recognised when the Company becomes a party to the contractual provisions of the instrument.

(a) Investments and other Financial Assets

(I) Classification
The Company classifies its financial assets in the following measurement categories:

a) those to be measured subsequently at fair value (either through other comprehensive income, or through Statement of profit and loss); and
b) those to be measured at amortised cost.

The classification depends on the Company's business model for managing the financial assets and the contractual terms of the cash flows.
For assets measured at fair value, gains and losses will either be recorded in Statement of profit and loss or other comprehensive income ('OCI').

(II) Measurement

At initial recognition, the Company measures a financial asset at its fair value. Transaction costs of financial assets carried at fair value through the statement of profit and loss are expensed in the statement of profit and loss.

(III) Derecognition of financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the assets expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of the transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

(**IV) Impairment of financial assets**

The Company recognizes loss allowances using the expected credit loss (ECL) model for the financial assets which are not fair valued through profit or loss. Loss allowance for trade receivables with no significant financing component is measured at an amount equal to lifetime ECL. For all other financial assets, expected credit losses are measured at an amount equal to the 12-month ECL, unless there has been a significant increase in credit risk from initial recognition in which case those are measured at lifetime ECL. The amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognised as an impairment gain or loss in statement of profit or loss.

(b) Financial Liabilities
The Company determines the classification of its financial liabilities at initial recognition.

(I) Classification

The financial liabilities are classified in the following measurement categories:

a) those to be measured as financial liabilities at fair value through profit or loss,
b) those to be measured at amortised cost.

(II) Initial recognition and measurement

Financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. Financial liabilities are initially measured at the amortised cost unless at initial recognition, they are classified as fair value through profit and loss.

(III) Subsequent measurement

Financial liabilities are subsequently measured at amortised cost using the effective interest rate method. Financial liabilities carried at fair value through profit or loss are measured at fair value with all changes in fair value recognised in the statement of profit and loss.

(**IV) Derecognition of financial liabilities**

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the Statement of profit and loss.

g) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counter party.

h) Trade receivables

Trade receivables are amounts due from customers for services performed in the ordinary course of business. If collection is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at fair value. They are subsequently measured at amortised cost (net of allowance for impairment) using the effective interest method, if the effect of discounting is considered material.

i) Cash and Cash Equivalents

In the statement of cash flows, cash and cash equivalents include cash in hand, demand deposits with banks, other short-term highly liquid investments with original maturities of three months or less and that are readily convertible to known amount of cash and cash equivalent and bank overdrafts.

j) Share Capital

Ordinary Common Shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

k) Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified under current liabilities if payment is due within one year or less. If not, they are presented under non-current liabilities.
Trade payables are recognised initially at fair value and subsequently measured at amortised cost using effective interest rate method.

l) Provisions and Contingent Liabilities

Provisions are recognised when there is a present legal or constructive obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and there is a reliable estimate of the amount of the obligation. Provisions are measured at the best estimate of the expenditure required to settle the present obligation at the Balance Sheet date and are not discounted to its present value.

Contingent Liabilities: Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made.

m) Current and deferred Tax

Tax expense for the period, comprising current tax and deferred tax, are included in the determination of the net profit or loss for the period. Current tax is measured at the amount expected to be paid to the tax authorities in accordance with the taxation laws prevailing in the respective jurisdictions.
Deferred tax is recognized, using the liability method, for all the temporary differences, subject to the consideration of prudence in respect of deferred tax assets. Deferred tax assets are recognised and carried forward only to the extent that it is probable that sufficient future taxable income will be available against which such deferred tax assets can be realised. However, where there is unabsorbed depreciation or carry forward loss, the deferred tax asset is recognised and carried forward only to the extent that it is probable that the assets will be realised in future. Deferred tax assets and liabilities are measured using the tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date. At each Balance Sheet date, the Company re-assesses unrecognised deferred tax asset if any.

Current tax assets and current tax liabilities are offset when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle the asset and the liability on a net basis. Deferred tax assets and deferred tax liabilities are offset when there is a legally enforceable right to set off assets against liabilities representing current tax and where the deferred tax assets and the deferred tax liabilities relate to taxes on income levied by the same governing taxation laws.

n) Revenue Recognition

The Company has adopted Ind AS 115 Revenue from Contracts with Customers with a date of initial application of April 1, 2018. As a result, the Group has updated its accounting policy for revenue recognition as detailed below.

The Company has applied Ind AS 115 using the cumulative effect method and therefore the comparative information has not been restated and continues to be reported under Ind AS 18 .

Company recognizes revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and when specific criteria have been met for Company's activities as described below. Revenue is measured at the fair value of the consideration receivable and represents amount receivable for services rendered, net of taxes, expected variable consideration, price reductions and rebates. The company uses expected value method or most likely amount method to estimate the amount of variable consideration.

Where the contracts include multiple performance obligations, the transaction price will be allocated to each performance obligation based on the stand- alone selling prices. Where these are not directly observable, they are estimated based on market assessment approach.

Indefeasible Right of Use

The Company sells Right of Use (ROU) that provide customers with network capacity, typically over a 10 to 15 year period without transferring the legal title or giving an option to purchase the network capacity. Revenue from cancellable ROU arrangements are accounted as operating lease and recognized over the life of the contract.

Internet Protocol Services

The Company recognises internet protocol revenue over the term of the contract. Fees related to activation of services are deferred and recognised over the expected term of the related service agreement.

International Private Leased Circuits

International Private Leased Circuits include lease capacity services and restoration service for other network operators. The customer typically pays the charges for these services periodically over the life of the contract, which may be up to three years. Revenue is recognized in the Company's Statement of Profit and Loss over the term of the contract.

Operations and Maintenance Services

The Company provides operation and maintenance services over the life of the capacity contract, for which the Company receives Operation and Maintenance charges. Operation and maintenance charges are invoiced separately from capacity sales. Revenues relating to maintenance are recognized over the period in which the service is provided.

Network service revenue/expense

Transfer pricing is based on provisions contained in Organization for Economic Co-operation & Development (the OECD guidelines).

o) Deferred Revenue

Deferred Revenue represents income billed in accordance with the contract but not recognised in Statement of Profit and Loss as at the Balance Sheet date. Deferred Revenue net of the amount recognizable beyond one year is disclosed as unearned income in non-current liabilities and the amount recognizable within one year is disclosed as deferred revenue in current liabilities.

p) Accrued Income

Where the services are performed prior to billing, unbilled debtors is recognized in other current assets.

q) Employee Benefits

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the Balance Sheet.

Eligible employees of the company are covered by defined contribution pension plan. Contribution to the plan is generally based on each employee's eligible compensation and years of service and is based on the local regulations. The schemes are funded through payments to insurance companies as defined contribution plans. In some defined contribution retirement plan, eligible employees may contribute amounts to the plan, via payroll withholding, subject to certain limitations.

r) Use of Estimates

The presentation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of Balance Sheet and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognized in the year in which the results are known / materialized.

s) Earnings Per Share

i) Basic earnings per share

Basic earnings per share is calculated by dividing:
- the profit attributable to owners of the company
- by the weighted average number of equity shares outstanding during the financial year, adjusted for bonus elements in equity shares issued during the year.

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:
- the after income tax effect of interest and other financing costs associated with dilutive potential equity shares, and
- the weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

RELIANCE FLAG TELECOM IRELAND DAC
Notes Forming part of the Financial Statements for the year ended March 31, 2019

2.01 Property, plant and equipments

Amount in ₹

Particulars	Network Assets	Computers	Furniture and fixtures	Total
Gross carrying value				
As at April 1, 2018	9,88,84,488	79,188	1,05,453	9,90,69,129
Additions	5,40,521	-	-	5,40,521
Transfer from CWIP	-	-	-	-
Currency translation difference	60,32,632	4,835	6,440	60,43,907
As at March 31, 2019	**10,54,57,641**	**84,023**	**1,11,893**	**10,56,53,557**
Accumulated depreciation				
As at April 1, 2018	9,28,73,581	79,188	1,05,453	9,30,58,222
Depreciation for the year	18,97,325	-	-	18,97,325
Currency translation difference	56,50,800	4,835	6,440	56,62,075
As at March 31, 2019	**10,04,21,706**	**84,023**	**1,11,893**	**10,06,17,622**
Closing net carrying value as at March 31, 2019	**50,35,935**	**-**	**-**	**50,35,935**
Gross carrying value as at March 31, 2019	10,54,57,641	84,023	1,11,893	10,56,53,557
Accumulated depreciation	(10,04,21,706)	(84,023)	(1,11,893)	(10,06,17,622)
Closing net carrying value as at March 31, 2019	**50,35,935**	**-**	**-**	**50,35,935**

Particulars	Network Assets	Computers	Furniture and fixtures	Total
Gross carrying value				
As at April 1, 2017	9,69,50,037	78,793	1,04,928	9,71,33,758
Additions	14,32,377	-	-	14,32,377
Transfer from CWIP	-	-	-	-
Currency translation difference	5,02,074	395	525	5,02,994
As at March 31, 2018	**9,88,84,488**	**79,188**	**1,05,453**	**9,90,69,129**
Accumulated depreciation				
As at April 1, 2017	9,06,76,013	78,793	1,04,928	9,08,59,734
Depreciation for the year	17,23,638	-	-	17,23,638
Currency translation difference	4,73,930	395	525	4,74,850
As at March 31, 2018	**9,28,73,581**	**79,188**	**1,05,453**	**9,30,58,222**
Closing net carrying value as at March 31, 2018	**60,10,907**	**-**	**-**	**60,10,907**
Gross carrying value as at March 31, 2018	9,88,84,488	79,188	1,05,453	9,90,69,129
Accumulated depreciation	(9,28,73,581)	(79,188)	(1,05,453)	(9,30,58,222)
Closing net carrying value as at March 31, 2018	**60,10,907**	**-**	**-**	**60,10,907**

RELIANCE FLAG TELECOM IRELAND DAC
Notes Forming part of the Financial Statements for the year ended March 31, 2019

2.02 Other intangible assets

Amount in ₹

Particulars	Indefeasible Right of Use	Total
Gross carrying value		
As at April 1, 2018	64,04,94,278	64,04,94,278
Additions	4,19,49,600	4,19,49,600
Currency translation difference	3,86,56,054	3,86,56,054
As at March 31 2019	**72,10,99,932**	**72,10,99,932**
Accumulated amortisation		
As at April 1, 2018	38,43,85,965	38,43,85,965
Amortisation for the year	4,32,80,004	4,32,80,004
Currency translation difference	2,30,02,040	2,30,02,040
As at March 31 2019	**45,06,68,009**	**45,06,68,009**
Closing net carrying value as at March 31 2019	**27,04,31,923**	**27,04,31,923**
Gross carrying value as at March 31, 2019	72,10,99,932	72,10,99,932
Accumulated amortisation	(45,06,68,009)	(45,06,68,009)
Closing net carrying value as at March 31 2019	**27,04,31,923**	**27,04,31,923**

Particulars	Indefeasible Right of Use	Total
Gross carrying value		
As at April 1, 2017	52,64,06,905	52,64,06,905
Additions	11,02,02,660	11,02,02,660
Currency translation difference	38,84,713	38,84,713
As at March 31 2018	**64,04,94,278**	**64,04,94,278**
Accumulated amortisation		
As at April 1, 2017	34,88,33,866	34,88,33,866
Amortisation for the year	3,34,25,876	3,34,25,876
Currency translation difference	21,26,223	21,26,223
As at March 31 2018	**38,43,85,965**	**38,43,85,965**
Closing net carrying value as at March 31 2018	25,61,08,313	25,61,08,313
Gross carrying value as at March 31, 2018	64,04,94,278	64,04,94,278
Accumulated amortisation	(38,43,85,965)	(38,43,85,965)
Closing net carrying value as at March 31 2018	**25,61,08,313**	**25,61,08,313**

RELIANCE FLAG TELECOM IRELAND DAC
Notes to the Financial Statements

	Particulars	As at March 31, 2019	Amount in ₹ As at March 31, 2018
2.03	**Investments**		
	Non-current		
	Investment in subsidiaries		
	Unquoted, fully paid up		
	20 Ordinary shares (March 31, 2018 : 20) of Flag Telecom Ireland Network DAC of Euro 1 each fully paid up	**1,221**	1,151
	200 Ordinary shares (March 31, 2018 : 200) of Flag Telecom Japan Limited of JPY 50,000 each fully paid up	**63,21,113**	59,57,322
	Total	**63,22,334**	59,58,473
2.04	**Deferred Tax assets**		
	Deferred tax assets	**9,49,40,479**	-
	Total	**9,49,40,479**	-
2.05	**Trade receivables**		
	Unsecured		
	Considered good	**3,24,36,70,173**	2,92,28,06,482
	Considered doubtful	**57,25,86,949**	65,63,88,044
		3,81,62,57,122	3,57,91,94,526
	Less: Impairment of trade receivables *	**57,25,86,949**	65,63,88,044
	Less: Provision for credit notes	**96,11,784**	-
	Total	**3,23,40,58,389**	2,92,28,06,482

* Impairment of trade receivables includes $58,73,080 (converted in ` at closing rate of 1$ = `69.155 as on 31.03.2019) relating to Rcom and its subsidiaries

2.06	**Cash and cash equivalents**		
	Balance with banks		
	- Current accounts	**18,39,91,860**	13,73,05,136
	Total	**18,39,91,860**	13,73,05,136
2.07	**Other Financial assets**		
	Unbilled debtors	**72,999**	95,79,946
	Advances to related parties	**16,28,54,63,221**	13,42,74,00,744
	Total	**16,28,55,36,220**	13,43,69,80,690
2.08	**Other Current assets**		
	Prepaid expenses	**21,98,714**	15,87,534
	Advance for supply of goods and rendering of services	**12,68,023**	2,541
	Balances with Government authorities	**-**	36,86,900
	Total	**34,66,737**	52,76,975

RELIANCE FLAG TELECOM IRELAND DAC
Notes to the Financial Statements

2.09 Equity

Equity share capital

	As at March 31, 2019	As at March 31, 2018
Authorised		
1,000,000 (1,000,000) Ordinary shares of Euro 1 each	**5,75,50,000**	5,75,50,000
Total	**5,75,50,000**	5,75,50,000
Issued, subscribed & fully paid up		
20 (20) Ordinary shares of Euro 1 each fully paid up	**1,221**	1,151
Total	**1,221**	1,151

i. Movement in share capital

	No. of Shares	Amount in ₹
As at April 1, 2017	**20**	1,145
Issued during the year	**-**	-
Foreign exchange movement		6
As at March 31, 2018	**20**	1,151
Issued during the year	**-**	-
Foreign exchange movement		70
As at March 31, 2019	**20**	1,221

ii. Rights, preferences and restriction attached to the shares

The Company has only ordinary shares having a par value of Euro 1 each. Each holder of shares is entitled to one vote per share. In the event of liquidation of the Company, the holder of shares will be entitled to receive remaining assets of the Company. The distribution will be in proportion to the number of shares held by the shareholder.

iii. Shares of the company held by holding/ultimate holding company

	As at March 31, 2019	As at March 31, 2018
a) Flag Telecom Network Services DAC	**20**	20
	20	20

iv. Details of shareholders holding more than 5% shares in the Company

		As at March 31, 2019	As at March 31, 2018
Ordinary Shares			
i) Flag Telecom Network Services Limited			
	No. of Shares	**20**	20
	Shareholding %	**100%**	100%

Other equity

	As at March 31, 2019	As at March 31, 2018
a) Reserves and surplus	**(26,87,93,856)**	(29,10,32,385)
b) Other reserve	**43,28,45,403**	42,49,11,915
Total	**16,40,51,547**	13,38,79,530

a) Reserves and surplus

Retained earnings

	As at March 31, 2019	As at March 31, 2018
Opening balance	**(29,10,32,385)**	(67,29,42,879)
Net profit/(loss) for the year	**2,22,38,529**	38,19,10,494
Closing balance	**(26,87,93,856)**	(29,10,32,385)

Retained earnings represent the amount of accumulated earnings at each Balance Sheet date, prepared in accordance with the basis of preparation section.

b) Other reserves

Foreign Exchange Translation Reserve

	As at March 31, 2019	As at March 31, 2018
Opening balance	**42,49,11,915**	42,18,50,283
Currency translation differences during the year	**79,33,488**	30,61,632
Total	**43,28,45,403**	42,49,11,915

	Particulars	As at March 31, 2019	As at March 31, 2018
2.10	**Other Non-current liabilities**		
	Deferred revenue	**7,62,47,17,781**	7,52,24,73,512
	Total	**7,62,47,17,781**	7,52,24,73,512
2.11	**Trade payables**		
	Trade payables	**13,00,12,785**	21,45,41,516
	Trade accruals	**16,55,82,965**	30,74,95,438
	Total	**29,55,95,750**	52,20,36,954
2.12	**Other Financial liabilities**		
	Amount due to customer	**8,06,30,142**	-
	Capital creditors	**-**	3,12,84,000
	Due to related parties	**10,50,27,10,504**	7,10,54,77,732
	Total	**10,58,33,40,646**	7,13,67,61,732
2.13	**Other Current liabilities**		
	Deferred revenue	**1,40,86,45,663**	1,44,90,83,856
	Employee payables	**1,69,637**	3,45,558
	Statutory liabilities	**72,61,632**	58,64,683
	Total	**1,41,60,76,932**	1,45,52,94,097

RELIANCE FLAG TELECOM IRELAND DAC
Notes Forming part of the Financial Statements for the year ended March 31, 2019

	Particulars	For the year ended March 31, 2019	Amount in ₹ For the year ended March 31, 2018
2.14	**Revenue from operations**		
	Indefeasible right of use	**60,44,17,434**	72,76,38,898
	Internet protocol	**2,18,06,58,930**	2,13,87,96,411
	Lease capacity services	**4,43,35,78,959**	3,49,68,89,286
	Operation and maintenance services	**36,84,62,274**	41,19,00,904
	Restoration services	**1,05,77,814**	27,05,195
	Network service revenue	**11,16,68,370**	16,88,59,768
	Total	**7,70,93,63,781**	6,94,67,90,462
2.15	**Other income**		
	Provision/ Liabilities written back to the extent no longer required	**1,79,265**	79,483
	Miscellaneous income	**-**	19,38,010
	Total	**1,79,265**	20,17,493
2.16	**Network operation expenses**		
	Terrestrial cable, inland amplifier and regenerator sites	**3,05,94,285**	5,18,31,161
	Local tails	**95,31,39,927**	60,07,94,570
	Marine Cable Operations	**6,39,53,326**	-
	Equipment maintenance and support	**2,09,748**	-
	Internet protocol	**4,75,87,441**	3,83,71,330
	Landing stations and point of presence costs	**1,21,90,875**	16,61,847
	Network service expense	**6,03,06,89,318**	5,69,98,21,524
	Total	**7,13,83,64,920**	6,39,24,80,432
2.17	**Employee benefits expense**		
	Salaries, wages and bonus	**68,44,836**	1,06,73,850
	Contribution to Provident and other funds	**5,85,378**	-
	Staff welfare expenses	**-**	-
	Total	**74,30,214**	1,06,73,850
2.18	**Depreciation and amortization expense**		
	Depreciation on Tangible assets	**18,97,325**	17,23,638
	Less:recoupment from revaluation reserve	**-**	-
	Net Depreciation on tangible assets	**18,97,325**	17,23,638
	Amortisation of Intangible assets	**4,32,80,004**	3,34,25,876
	Total	**4,51,77,329**	3,51,49,514
2.19	**Other expenses**		
	Rent	**81,967**	
	Rates and taxes	**26,568**	7,14,530
	Legal fees	**6,15,32,317**	4,27,54,006
	Professional charges	**30,04,566**	29,51,534
	Licensing and regulatory fees	**53,049**	7,73,352
	Travel and entertainment	**1,45,617**	6,15,894
	Communication	**4,38,022**	18,17,634
	Bank charges	**4,26,919**	3,28,200
	Allowance for doubtful debts	**49,40,04,293**	4,84,06,300
	Payment to auditors	**13,75,806**	9,15,170
	Loss on foreign exchange fluctuation (net)	**1,34,66,907**	2,68,83,181
	Miscellaneous expense	**1,77,61,252**	24,33,864
	Total	**59,23,17,283**	12,85,93,665

2.20 Segment Reporting

The RGL Group is being geared to provide the customers with a composite service tailored to their industry or their specific needs like cost optimization or increased speed of reach, which in-turn involves leveraging a combination of the assets and service capabilities of RGL Group. The Group CEO of RGL along with steering committee performs the function of Chief Operating Decision Maker ('CODM'). The RGL Group has a single operating segment, viz. Data Services Business. The Data Services Business of RGL Group provides an integrated service to its global customers.

The CODM reviews the segment results at a combined level for all regions and businesses, when assessing the RGL Group's overall performance and deciding the manner in which to allocate resources.

Further, when a composite service is offered to a customer, while the billing may be done in one jurisdiction the services in-turn would be sought or assets used would be from different legal entities within the RGL Group domiciled in different geographies. Therefore, it is impracticable to meaningfully disclose service revenue by geographical locations.

2.21 Earnings Per Share

Amount in ₹ except number of shares

	Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
A	Profit/(Loss) for the year attributable to shareholders	2,22,38,529	38,19,10,494
B	Weighted average number of share of Euro 1 each used as denominator for calculating Basic and Diluted EPS	20	20
C	Basic and Diluted Earnings per Share (A/B)	11,11,926	1,90,95,525

2.22 Notes to Foreign Currency Translation Reserve

The amounts relating to Balance Sheet items appearing in Indian Rupees have been translated at Closing Rate of 1 USD = ₹ 69.155 (March 31 2018 1 USD = ₹ 65.175) and items relating to profit and loss have been translated at average rate of 1 USD = ₹ 69.916 (Previous year 1 USD = ₹ 64.446).

The amounts have been converted in INR to comply with the financial reporting requirement in India.

2.23 Related Party Transactions

In accordance with Indian Accounting Standard 24 "Related Party Disclosures" issued by the Institute of Chartered Accountants of India, the company's related parties and transactions are disclosed below which are in ordinary course of business and at arms' length basis:

List of related parties:

(a) Parent company

i. Reliance Communication Limited
ii. Reliance Globalcom Limited
iii. FLAG Telecom Network Services DAC

(b) List of subsidiaries

i. FLAG Telecom Ireland Network DAC
ii. FLAG Telecom Japan Limited

(c) Enterprises as affiliated companies are:

i. Reliance Globalcom Limited
ii. FLAG Telecom Asia Limited
iii. FLAG Telecom Japan Limited
iv. Reliance FLAG Telecom Singapore Pte. Limited
v. Seoul Telenet Inc.
vi. FLAG Holdings (Taiwan) Limited
vii. FLAG Telecom Taiwan Limited
viii. Reliance Globalcom UK Limited
ix. FLAG Telecom Deutschland GmbH
x. FLAG Telecom Network Services DAC
xi. FLAG Telecom Ireland Network DAC
xii. FLAG Atlantic UK Limited
xiii. FLAG Telecom Nederland BV
xiv. FLAG Telecom Hellas AE
xv. FLAG Telecom Espana Network SAU
xvi. FLAG Telecom Development Services Company LLC
xvii. Vanco US LLC
xviii. FLAG Telecom Network USA Limited
xix. Reliance FLAG Telecom Ireland DAC
xx. Vanco BV (Holland)
xxi. Vanco UK Limited
xxii. Vanco (Asia Pacific) Pte. Limited
xxiii. Vanco SRL
xxiv. Reliance Communications Inc.
xxv. Reliance Globalcom Services Inc.
xxvi.Reliance IDC Ltd

(d) **Sales of services**

Amount in ₹

Particulars	**For the year ended March 31, 2019**	For the year ended March 31, 2018
Service Revenue		
Parent company	**7,70,38,576**	7,00,73,619
Fellow subsidiaries	**28,40,20,754**	61,16,57,823
Total	**36,10,59,330**	68,17,31,442

Sales of services are negotiated with related parties on a cost-plus basis and are determined on the basis of market price.

(e) **Purchases of services**

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Network Operating Expenses		
Parent company	**3,07,06,07,748**	2,50,18,46,060
Subsidiary	**1,11,03,01,807**	1,13,42,39,156
Fellow subsidiaries	**1,97,78,82,371**	2,06,37,36,308
Total	**6,15,87,91,926**	5,69,98,21,524

Purchases of services are negotiated with related parties on a cost-plus basis and are determined on the basis of market price.

(f) **Year-end balances arising from sales/purchases of services**

Particulars	As at March 31, 2019	As at March 31, 2018
Trade Receivables		
Parent company	**22,21,30,784**	21,37,60,997
Fellow subsidiaries	**1,37,56,47,000**	1,00,04,48,593
	1,59,77,77,784	1,21,42,09,590
Less : Impairment of trade receivable*	**(40,61,52,847)**	-
Total	**1,19,16,24,936**	**1,21,42,09,590**

The receivables from related parties arise mainly from sales transactions and are due 1-2 months after the date of sales. The receivables are unsecured in nature and bear no interest.
*Impairment of trade receivables is created for Rcom and its subsidiaries

Particulars	As at March 31, 2019	As at March 31, 2018
Trade Payables		
Parent company	-	-
Fellow subsidiaries	1,75,24,279	-
Total	**1,75,24,279**	**-**

The payables to related parties arise mainly from purchase transactions and are due 1-2 months after the date of purchase. The payables bear no interests.

Reliance FLAG Telecom Ireland DAC

Notes Forming part of the Financial Statements for the year ended March 31, 2019

Particulars	**As at March 31, 2019**	As at March 31, 2018
Advance to related parties		
Parent company	**16,17,96,58,924**	13,36,39,19,279
Fellow subsidiaries	**10,58,04,297**	15,22,06,347
Total	**16,28,54,63,221**	13,51,61,25,626

Particulars	**As at March 31, 2019**	As at **March 31, 2018**
Due to related parties		
Subsidiary	**3,71,32,51,941**	2,29,10,15,879
Fellow subsidiaries	**6,78,94,58,563**	4,81,44,61,853
Total	**10,50,27,10,504**	7,10,54,77,732

2.24 The previous year's figures have been regrouped and reclassified wherever necessary.

For Shridhar & Associates
Chartered Accountants
Firm Registration No. : 134427W

For Reliance Flag Telecom Ireland Limited

Jitendra Sawjiany
Partner
Membership Number: 050980

Place : Mumbai
Date : 22nd May 2019

Dermot Lucey
Director

Place :
Date : 21st May, 2019

Andrew Goldie
Director

Place :
Date : 21st May, 2019

Independent Auditors' Report

To the Board of Directors of FLAG Telecom Ireland Network DAC

Report on the Ind AS Financial Statements

Opinion

We have audited the accompanying standalone Ind AS financial statements of **FLAG Telecom Ireland Network DAC** ("the Company"), which comprise the Balance Sheet as at 31st March, 2019, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the 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 standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the state of affairs of the Company as at 31st March, 2019, and its profit/loss (including 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 in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013 ("the Act"). Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Ind AS 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 together with the ethical requirements that are relevant to our audit of the Ind AS financial statements 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 Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter

We draw your attention to note 2.08 of the notes to the financial statements where the company has negative net worth amounting to INR 23,10,42,121 for the year 2019 and INR 24,10,22,771 for the year 2018 (excluding loss on account of FCTR) . The financial statements are prepared under going concern assumption since the immediate parent company (Reliance Globalcom Limited, Bermuda) will continue to support the company in meeting its liabilities as they fall due within the coming 12 months.

The Reliance Globalcom Limited, Bermuda has confirmed its intention to continue to support the company for at least 12 months from the date of approval of these financial statements, by providing sufficient funds to enable it to meet its liabilities and obligations as they fall due. On this basis, the directors have concluded that it remains appropriate to prepare the financial statements on the going concern.

Our opinion is not qualifying in this matter.

Information Other than the Standalone Financial Statements and auditor’s Report Thereon

Our opinion on the Ind AS 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 standalone Ind AS financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Ind AS financial statements or our knowledge obtained in the 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.

This report is issued for the information and use of the Board of directors of the Company and of Reliance Communications Limited, the holding company in India to comply with the financial reporting requirements in India and should not be used for any other purposes without our prior written consent.

Management’s Responsibility for the Ind AS financial Statements

The Company’s Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 (“the Act”) with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (‘Ind AS’), prescribed under section 133 of the Companies Act, 2013 (“the Act”) read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015, the Companies (Indian Accounting Standards) Amendment Rules, 2016 and other provisions of the Act, to the extent notified and applicable as well as applicable guidance notes and pronouncements of the Institute of Chartered Accountants of India (the ICAI).

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 standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Audit of the Ind AS Financial Statements

Our responsibility is to express an opinion on these standalone Ind AS financial statements based on our audit.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the standalone Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the company has in place and adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the standalone Ind AS financial statements.

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.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone Ind AS financial statements.

For Shridhar & Associates
Chartered Accountants
Firm Registration No.134427W

Jitendra Sawjiany
Partner
Membership No.050980

Place: Mumbai
Date: 22nd May 2019

FLAG TELECOM IRELAND NETWORK DAC
Balance Sheet as at March 31, 2019

Particulars	Note	As at March 31, 2019	Amount in ₹ As at March 31, 2018
ASSETS			
Non-current assets			
Property, plant and equipment	**2.01**	**2,52,34,983**	3,03,03,936
Other intangible assets	**2.02**	**46,10,04,140**	24,35,39,050
Investments	**2.03**	**36,92,185**	34,79,693
Other non-current assets	**2.04**	**-**	48,123
Total Non-current assets		**48,99,31,308**	27,73,70,802
Current assets			
Financial assets			
Cash and cash equivalents	**2.05**	**2,49,341**	34,57,976
Other Financial assets	**2.06**	**2,84,86,07,949**	1,79,02,26,921
Other Current assets	**2.07**	**2,70,19,255**	18,37,35,760
Total Current assets		**2,87,58,76,545**	1,97,74,20,657
Total Assets		**3,36,58,07,853**	2,25,47,91,459
EQUITY AND LIABILITIES			
Equity			
Equity Share capital	**2.08**	**1,221**	1,151
Other equity	**2.08**	**(25,91,85,372)**	(25,35,72,618)
Total equity		**(25,91,84,151)**	(25,35,71,467)
Liabilities			
Non-current liabilities			
Other Non-current liabilities	**2.09**	**16,97,93,298**	16,00,21,375
Total Non-current liabilities		**16,97,93,298**	16,00,21,375
Current liabilities			
Financial liabilities			
Trade payables	**2.10**	**45,50,67,869**	54,62,46,811
Other Financial liabilities	**2.11**	**3,00,01,30,837**	1,80,20,94,740
Total Current liabilities		**3,45,51,98,706**	2,34,83,41,551
Total Liabilities		**3,62,49,92,004**	2,50,83,62,926
Total Equity and Liabilities		**3,36,58,07,853**	2,25,47,91,459
General Information	**1.01**		
Significant Accounting Policies	**1.02**		
Notes to the Financial Statements	**2**		

The accompanying notes form an integral part of the financial statements

As per our report of even date attached

For Shridhar & Associates
Chartered Accountants
Firm Registration No. 134427W

For FLAG Telecom Ireland Network DAC

Jitendra Sawjiany
Partner
Membership No : 050980

Place: Mumbai
Date: 22nd May 2019

Andrew Goldie
Director

Place:
Date: 21st May 2019

Dermot Lucey
Director

Place:
Date: 21st May 2019

FLAG TELECOM IRELAND NETWORK DAC
Statement of Profit and loss for the year ended March 31, 2019

Amount in ₹

Particulars	Note	For the year ended March 31, 2019	For the year ended March 31, 2018
INCOME			
Revenue from operations	**2.12**	**76,97,74,531**	78,85,07,441
Other income	**2.13**	**2,18,82,335**	48,64,743
Total Income		**79,16,56,866**	79,33,72,184
EXPENSES			
Network operation expenses	**2.14**	**68,74,94,801**	72,11,04,653
Depreciation and amortization expense	**2.15**	**9,15,82,950**	6,84,18,529
Other expenses	**2.16**	**25,98,535**	32,56,939
Total Expenses		**78,16,76,286**	79,27,80,121
Profit / (Loss) before tax		**99,80,580**	5,92,063
Tax Expense			
-Current Tax		**-**	-
Profit / (Loss) after tax		**99,80,580**	5,92,063
Other comprehensive income			
Items that may be subsequently reclassified to statement of profit or loss			
Currency translation		**(1,55,93,334)**	(12,60,745)
Total other comprehensive income for the year		**(1,55,93,334)**	(12,60,745)
Total comprehensive income for the year		**(56,12,754)**	(6,68,682)
Earning / (Loss) per equity share	**2.18**		
(1) Basic		**4,99,029**	29,603
(2) Diluted		**4,99,029**	29,603
General Information	**1.01**		
Significant Accounting Policies	**1.02**		
Notes to the Financial Statements	**2**		

The accompanying notes form an integral part of the financial statements

As per our report of even date attached

For Shridhar & Associates
Chartered Accountants
Firm Registration No. 134427W

For FLAG Telecom Ireland Network DAC

Jitendra Sawjiany
Partner
Membership No : 050980

Place: Mumbai
Date: 22nd May 2019

Andrew Goldie
Director

Place:
Date: 21st May 2019

Dermot Lucey
Director

Place:
Date: 21st May 2019

FLAG TELECOM IRELAND NETWORK DAC
Statement of Cash flows for the year ended March 31, 2019

Amount in ₹

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
A) CASH FLOW FROM OPERATING ACTIVITIES:		
Loss before tax	**99,80,580**	5,92,063
Adjustments for:		
Depreciation and amortisation expense	**9,15,82,950**	6,84,18,529
Foreign currency translation and exchange movement (Net)	**(31,97,84,843)**	(22,19,009)
	(21,82,21,313)	6,67,91,583
Changes in working capital		
Decrease / (Increase) in other non-current assets	**48,123**	(48,123)
Decrease / (Increase) in other financial assets	**(1,05,83,81,028)**	(96,66,18,404)
Decrease / (Increase) in other current assets	**15,67,16,505**	13,70,74,046
Increase / (Decrease) in other non-current liabilities	**97,71,923**	7,97,957
Increase / (Decrease) in other financial liabilities	**1,19,80,36,097**	64,78,95,187
Increase / (Decrease) in trade payables	**(9,11,78,942)**	11,53,92,795
Cash generated from / (used in) operations	**(32,08,635)**	12,85,041
Income Tax (Paid) / Refund	**-**	-
Net cash generated from / (used in) operating activities (A)	**(32,08,635)**	12,85,041
B) CASH FLOW FROM INVESTING ACTIVITIES:		
Purchase of property, plant and equipment and intangible assets (including capital work-in-progress)	**-**	(6,83,128)
Net cash (used in) / generated from investing activities (B)	**-**	(6,83,128)
C) CASH FLOW FROM FINANCING ACTIVITIES:		
Net cash generated from financing activities (C)	**-**	-
Net Increase / (Decrease) in cash and cash equivalents (A+B+C)	**(32,08,635)**	6,01,914
Cash and cash equivalents at the beginning of the year	**34,57,976**	**28,56,062**
Cash and cash equivalents at the end of the year (refer Note 2.05)	**2,49,341**	34,57,976

As per our report of even date attached

For Shridhar & Associates
Chartered Accountants
Firm Registration No. 134427W

Jitendra Sawjiany
Partner
Membership No : 050980

Place: Mumbai
Date: 22nd May 2019

For FLAG Telecom Ireland Network DAC

Andrew Goldie
Director

Place:
Date: 21st May 2019

Dermot Lucey
Director

Place:
Date: 21st May 2019

FLAG TELECOM IRELAND NETWORK DAC
Statement of changes in equity for the year ended March 31, 2019

Amount in ₹

Particulars	Equity	Other Equity		Total Other Equity	Total Equity
	Share capital	Reserves and Surplus	Other Comprehensive Income		
		Retained Earnings	Foreign Exchange Translation Reserve*		
Balance as at April 1, 2017	**1,145**	(24,16,15,985)	(1,12,87,951)	(25,29,03,936)	**(25,29,02,791)**
Net Profit / (Loss) for the year	-	5,92,063	-	5,92,063	**5,92,063**
Currency translation	-	-	(12,60,745)	(12,60,745)	**(12,60,745)**
Foreign exchange movement	6	-	-	-	**6**
Balance as at March 31, 2018	**1,151**	**(24,10,23,922)**	**(1,25,48,696)**	**(25,35,72,618)**	**(25,35,71,467)**
Net Profit / (Loss) for the year	-	99,80,580	-	99,80,580	**99,80,580**
Currency translation	-	-	(1,55,93,334)	(1,55,93,334)	**(1,55,93,334)**
Foreign exchange movement	70	-	-	-	**70**
Balance as at March 31, 2019	**1,221**	**(23,10,43,342)**	**(2,81,42,030)**	**(25,91,85,372)**	**(25,91,84,151)**

***Foreign Exchange Translation Reserve: Exchange differences on translating the financial statements**

As per our report of even date attached

For Shridhar & Associates
Chartered Accountants
Firm Registration No. 134427W

Jitendra Sawjiany
Partner
Membership No : 050980

Place: Mumbai
Date: 22nd May 2019

For FLAG Telecom Ireland Network DAC

Andrew Goldie
Director

Place:
Date: 21st May 2019

Dermot Lucey
Director

Place:
Date: 21st May 2019

1.01 General Information

The principal activities of FLAG Telecom Ireland Network Limited (the "Company") are Service Provider to Reliance FLAG Telecom Ireland Limited.

1.02 SIGNIFICANT ACCOUNTING POLICIES

a) Basis of Preparation of Financial Statements

The financial statements are prepared under historical cost convention in accordance with generally accepted accounting principles (GAAP) in India and in compliance with the Indian Accounting Standards (Ind AS) specified under section 133 to the Companies Act, 2013 read with Companies (Indian Accounting Standard) Rules, 2015 as notified/ amended by Ministry of Corporate Affairs, Government of India.

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle. Based on the nature of the services and their realization in cash and cash equivalents, the Company has ascertained its operating cycle as twelve months for the purpose of current – non-current classification of assets and liabilities.

Financial Statements have been prepared on a going concern basis and financial support as may be required, shall be extended by associates and / or parent company.

The Company has applied the following standards and amendments for the first time for their annual reporting period commencing April 1, 2018:

- Ind AS 115 Revenue from Contracts with Customers
- Amendment to Ind AS 21- Foreign Currency Transactions and Advance Consideration

The adoption of the above new standards, amendment and interpretation did not have material impact on these financial statements. There are no other Ind AS amendments that are effective that would be expected to have a material impact on the Company's Financial Statements.

Standards and amendments issued and not yet effective
The following standards and amendments, which were in issue but not yet effective and have not been early adopted by the Company.

Ind AS 116 - Leases

Ind AS 116 is applicable from annual periods beginning on or after April 1, 2019. It will replace previous lease standard Ind AS 17. Ind AS 116 sets out the principles for recognition, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to accounting for finance leases under Ind AS 17. The standard includes two recognition exemption for leases: leases of 'low-value' assets and short-term leases. At the commencement date of a lease, a lessee will recognise a liabilityto make lease payments and an asset representing right to use the underlying asset during the lease term. Lessor accounting under Ind AS 16 is substantially unchanged from today's accounting under Ind AS 17.

Appendix C to Ind AS 112 -'Uncertainty over Income tax treatments'

This Appendix explains how to recognize and measure deferred and current tax assets and liabilities where there is uncertainty over a tax treatment. It provides a framework to consider,

recognize and measure the accounting impact of tax uncertainties. This Appendix is applicable for annual periods beginning on or after April 1, 2019.
The company is evaluating the impact of the new standard and amendment on the financial position and results of operation. There are no other standards that are not yet effective and that would be expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions

b) Foreign Currency

i) Foreign Currency Transactions

Initial Recognition

On initial recognition, all foreign currency transactions are recorded by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

Subsequent Recognition

As at the reporting date, non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction. All non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined. All monetary assets and liabilities in foreign currency are restated at the end of accounting period. The resulting foreign exchange gains and losses are recognized in the Statement of Profit and loss on a net basis.

ii) Translation into Presentation Currency

The financial statements are translated into presentation currency which is Indian Rupees. Foreign exchange gains and losses resulting from translation into presentation currency are recognized in Other Comprehensive Income.

c) Property, plant and equipment

Recognition and measurement

Property, plant and equipment consists of network assets, leasehold improvements, computers and office equipment, vehicles, furniture and fittings.

Property, plant and equipment are stated at cost, net of accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the assets.

Subsequent expenditure

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the Statement of Profit and Loss during the financial period in which they are incurred.

Depreciation

Depreciation on all assets is calculated so as to write-down the cost of property, plant and equipment to its residual value over its estimated useful life. Estimated useful lives, residual

values and depreciation methods are reviewed annually, taking into account commercial and technological obsolescence as well as normal wear and tear.
Depreciation is recorded on a straight-line basis over the estimated useful lives of the property, plant and equipment as follows:

Network assets..the shorter of 15 to 25 years or remaining useful lives
Leasehold improvements................................over the period of lease
Computers and office equipment....................3 to 6 years
Vehicles……………………………………….5 years
Furniture and fittings…...................................3 to 7 years

The estimated useful lives of network assets are determined based on the estimated period over which they will generate revenue. Depreciation on any capitalisation due to modifications, improvements of the assets is restricted to the remaining useful life of the fixed asset.
Any gain or loss on disposal of an item of property, plant and equipment is recognised in statement of profit or loss.

d) Intangible Assets

Indefeasible Right of Use (IRU)

IRU are amortised over their estimated useful lives of 5 to 25 years on straight line basis. The estimated useful life of IRUs is based on the contractual terms of the respective contracts.

Software and Licences

Acquired computer software licences are capitalized on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortized over their estimated useful lives of 3 to 5 years.

Costs that are directly associated with the production of identifiable and unique software products controlled by the entity and that will probably generate economic benefits exceeding costs beyond 1 year, are recognized as intangible assets.

Computer software development costs recognized as intangible assets and are amortized over their estimated useful lives, not exceeding 5 years.

Intangible Assets under Development

Intangible assets not ready for the intended use on the date of the Balance Sheet are disclosed as "intangible assets under development".

e) Impairment of Non-Financial assets

Non-Financial assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non- financial assets that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

f) Financial Instruments

Financial instruments are recognised when the Company becomes a party to the contractual provisions of the instrument.

(a) Investments and other Financial Assets

(I) Classification

The Company classifies its financial assets in the following measurement categories:

a) those to be measured subsequently at fair value (either through other comprehensive income, or through Statement of profit and loss); and
b) those to be measured at amortised cost.

The classification depends on the Company's business model for managing the financial assets and the contractual terms of the cash flows.
For assets measured at fair value, gains and losses will either be recorded in Statement of profit and loss or other comprehensive income ('OCI').

(II) Measurement

At initial recognition, the Company measures a financial asset at its fair value. Transaction costs of financial assets carried at fair value through the statement of profit and loss are expensed in the statement of profit and loss.

(III) Derecognition of financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the assets expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of the transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

(IV) Impairment of financial assets

The Company recognizes loss allowances using the expected credit loss (ECL) model for the financial assets which are not fair valued through profit or loss. Loss allowance for trade receivables with no significant financing component is measured at an amount equal to lifetime ECL. For all other financial assets, expected credit losses are measured at an amount equal to the 12-month ECL, unless there has been a significant increase in credit risk from initial recognition in which case those are measured at lifetime ECL. The amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognised as an impairment gain or loss in statement of profit or loss.

(b) Financial Liabilities

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

(I) Classification

The financial liabilities are classified in the following measurement categories:

a) those to be measured as financial liabilities at fair value through profit or loss,

b) those to be measured at amortised cost.

(II) Initial recognition and measurement

Financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. Financial liabilities are initially measured at the amortised cost unless at initial recognition, they are classified as fair value through profit and loss.

(III) Subsequent measurement

Financial liabilities are subsequently measured at amortised cost using the effective interest rate method. Financial liabilities carried at fair value through profit or loss are measured at fair value with all changes in fair value recognised in the statement of profit and loss.

(IV) Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the Statement of profit and loss.

g) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counter party.

h) Cash and Cash Equivalents

In the statement of cash flows, cash and cash equivalents include cash in hand, demand deposits with banks, other short-term highly liquid investments with original maturities of three months or less and that are readily convertible to known amount of cash and cash equivalent and bank overdrafts.

i) Share Capital

Ordinary Common Shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

j) Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified under current liabilities if payment is due within one year or less. If not, they are presented under non-current liabilities. Trade payables are recognised initially at fair value and subsequently measured at amortised cost using effective interest rate method.

k) Provisions and Contingent Liabilities

Provisions are recognised when there is a present legal or constructive obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and there is a reliable estimate of the amount of the obligation. Provisions are measured at the best estimate of the expenditure required to settle the present obligation at the Balance Sheet date and are not discounted to its present value.

Contingent Liabilities: Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made.

l) Current and deferred Tax

Tax expense for the period, comprising current tax and deferred tax, are included in the determination of the net profit or loss for the period. Current tax is measured at the amount expected to be paid to the tax authorities in accordance with the taxation laws prevailing in the respective jurisdictions.
Deferred tax is recognized, using the liability method, for all the temporary differences, subject to the consideration of prudence in respect of deferred tax assets. Deferred tax assets are recognised and carried forward only to the extent that it is probable that sufficient future taxable income will be available against which such deferred tax assets can be realised. However, where there is unabsorbed depreciation or carry forward loss, the deferred tax asset is recognised and carried forward only to the extent that it is probable that the assets will be realised in future. Deferred tax assets and liabilities are measured using the tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date. At each Balance Sheet date, the Company re-assesses unrecognised deferred tax asset if any.

Current tax assets and current tax liabilities are offset when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle the asset and the liability on a net basis. Deferred tax assets and deferred tax liabilities are offset when there is a legally enforceable right to set off assets against liabilities representing current tax and where the deferred tax assets and the deferred tax liabilities relate to taxes on income levied by the same governing taxation laws.

m) Revenue Recognition

The Company has adopted Ind AS 115 Revenue from Contracts with Customers with a date of initial application of April 1, 2018. As a result, the Group has updated its accounting policy for revenue recognition as detailed below.

The Company has applied Ind AS 115 using the cumulative effect method and therefore the comparative information has not been restated and continues to be reported under Ind AS 18 .

Company recognizes revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and when specific criteria have been met for Company’s activities as described below. Revenue is measured at the fair value of the consideration receivable and represents amount receivable for services rendered, net of taxes, expected variable consideration, price reductions and rebates. The company uses expected value method or most likely amount method to estimate the amount of variable consideration.

Where the contracts include multiple performance obligations, the transaction price will be allocated to each performance obligation based on the stand- alone selling prices. Where these are not directly observable, they are estimated based on market assessment approach.

Indefeasible Right of Use

The Company sells Right of Use (ROU) that provide customers with network capacity, typically over a 10 to 15 year period without transferring the legal title or giving an option to purchase the network capacity. Revenue from cancellable ROU arrangements are accounted as operating lease and recognized over the life of the contract.

Internet Protocol Services

The Company recognises internet protocol revenue over the term of the contract. Fees related to activation of services are deferred and recognised over the expected term of the related service agreement.

International Private Leased Circuits

International Private Leased Circuits include lease capacity services and restoration service for other network operators. The customer typically pays the charges for these services periodically over the life of the contract, which may be up to three years. Revenue is recognized in the Company's Statement of Profit and Loss over the term of the contract.

Operations and Maintenance Services

The Company provides operation and maintenance services over the life of the capacity contract, for which the Company receives Operation and Maintenance charges. Operation and maintenance charges are invoiced separately from capacity sales. Revenues relating to maintenance are recognized over the period in which the service is provided.

Network service revenue/expense

Transfer pricing is based on provisions contained in Organization for Economic Co-operation & Development (the OECD guidelines).

n) Deferred Revenue

Deferred Revenue represents income billed in accordance with the contract but not recognised in Statement of Profit and Loss as at the Balance Sheet date. Deferred Revenue net of the amount recognizable beyond one year is disclosed as unearned income in non-current liabilities and the amount recognizable within one year is disclosed as deferred revenue in current liabilities.

o) Accrued Income

Where the services are performed prior to billing, unbilled debtors is recognized in other current assets.

p) Use of Estimates

The presentation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of Balance Sheet and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognized in the year in which the results are known / materialized.

q) Earnings Per Share

i) Basic earnings per share

Basic earnings per share is calculated by dividing:
- the profit attributable to owners of the company
- by the weighted average number of equity shares outstanding during the financial year, adjusted for bonus elements in equity shares issued during the year.

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:
- the after income tax effect of interest and other financing costs associated with dilutive potential equity shares, and
- the weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

FLAG TELECOM IRELAND NETWORK DAC
Notes to the Financial Statements

2.01 Property, plant and equipments

Amount in ₹

Particulars	Network Assets	Total
Gross carrying value		
As at April 1, 2018	75,54,33,627	75,54,33,627
Additions	-	-
Currency translation difference	4,50,44,533	4,50,44,533
As at March 31, 2019	**80,04,78,160**	**80,04,78,160**
Accumulated depreciation		
As at April 1, 2018	72,51,29,691	72,51,29,691
Depreciation	62,53,965	62,53,965
Currency translation difference	4,38,59,521	4,38,59,521
As at March 31, 2019	**77,52,43,177**	**77,52,43,177**
Closing net carrying value as at March 31, 2019	**2,52,34,983**	**2,52,34,983**
Gross carrying value as at March 31, 2019	80,04,78,160	80,04,78,160
Accumulated depreciation	(77,52,43,177)	(77,52,43,177)
Closing net carrying value as at March 31, 2019	**2,52,34,983**	**2,52,34,983**

Particulars	Network Assets	Total
Gross carrying value		
As at April 1, 2017	75,09,79,190	75,09,79,190
Additions	6,83,128	6,83,128
Currency translation difference	37,71,309	37,71,309
As at March 31, 2018	**75,54,33,627**	**75,54,33,627**
Accumulated depreciation		
As at April 1, 2017	71,56,29,648	71,56,29,648
Depreciation for the year	58,47,563	58,47,563
Currency translation difference	36,52,480	36,52,480
As at March 31, 2018	**72,51,29,691**	**72,51,29,691**
Closing net carrying value as at March 31, 2018	**3,03,03,936**	**3,03,03,936**
Gross carrying value as at March 31, 2018	75,54,33,627	75,54,33,627
Accumulated depreciation	(72,51,29,691)	(72,51,29,691)
Closing net carrying value as at March 31, 2018	**3,03,03,936**	**3,03,03,936**

2.02 Other intangible assets

Amount in ₹

Particulars	Indefeasible Right of Use	Total
Gross carrying value		
As at April 1, 2018	1,09,74,84,414	1,09,74,84,414
Currency translation difference	35,40,12,647	35,40,12,647
As at March 31 2019	**1,45,14,97,061**	**1,45,14,97,061**
Accumulated amortisation		
As at April 1, 2018	85,39,45,364	85,39,45,364
Amortisation for the year	8,53,28,985	8,53,28,985
Currency translation difference	5,12,18,572	5,12,18,572
As at March 31 2019	**99,04,92,921**	**99,04,92,921**
Closing net carrying value as at March 31 2019	**46,10,04,140**	**46,10,04,140**
Gross carrying value as at March 31 2019	1,45,14,97,061	1,45,14,97,061
Accumulated amortisation	(99,04,92,921)	(99,04,92,921)
Closing net carrying value as at March 31 2019	**46,10,04,140**	**46,10,04,140**

Particulars	Indefeasible Right of Use	Total
Gross carrying value		
As at April 1, 2017	1,09,20,11,744	1,09,20,11,744
Additions	-	-
Currency translation difference	54,72,670	54,72,670
As at March 31 2018	**1,09,74,84,414**	**1,09,74,84,414**
Accumulated amortisation		
As at April 1, 2017	78,67,23,817	78,67,23,817
Amortisation for the year	6,25,70,966	6,25,70,966
Currency translation difference	46,50,581	46,50,581
As at March 31 2018	**85,39,45,364**	**85,39,45,364**
Closing net carrying value as at March 31 2018	**24,35,39,050**	**24,35,39,050**
Gross carrying value as at March 31 2018	1,09,74,84,414	1,09,74,84,414
Accumulated amortisation	(85,39,45,364)	(85,39,45,364)
Closing net carrying value as at March 31 2018	**24,35,39,050**	**24,35,39,050**

FLAG TELECOM IRELAND NETWORK DAC
Notes Forming part of the Financial Statements for the year ended March 31, 2019

Amount in ₹

	Particulars	As at March 31, 2019	As at March 31, 2018
2.03	**Investments**		
	Non-current		
	Investment in subsidiaries		
	Unquoted, fully paid up		
	100 Ordinary shares (March 31, 2018 : 100) of Flag Telecom Espana Network SAU of Euro 601.02 each fully paid up	**36,92,116**	34,79,628
	1 Ordinary shares (March 31, 2018 : 1) of Flag Telecom Network USA Limited of USD 1 each fully paid up	**69**	65
	Total	**36,92,185**	34,79,693
2.04	**Other non-current assets**		
	Prepaid expenses	**-**	**48,123**
		-	48,123
2.05	**Cash and cash equivalents**		
	Balance with banks		
	- Current accounts	**2,49,341**	34,57,976
	Total	**2,49,341**	34,57,976
2.06	**Other Financial assets**		
	Deposits	**-**	-
	Advances to related parties	**2,84,86,07,949**	1,79,02,26,921
	Total	**2,84,86,07,949**	1,79,02,26,921
2.07	**Other Current assets**		
	Prepaid expenses	**2,08,18,208**	70,35,000
	Advance for supply of goods and rendering of services	**132**	17,21,77,416
	Balances with Government authorities	**62,00,915**	45,23,344
	Total	**2,70,19,255**	18,37,35,760

Amount in ₹

2.08 Equity
Equity share capital

	As at March 31, 2019	As at March 31, 2018
Authorised		
1,000,000 (1,000,000) Ordinary shares of Euro 1 each	**6,10,50,000**	5,75,50,000
Total	**6,10,50,000**	5,75,50,000
Issued, subscribed & fully paid up		
20 (20) Ordinary shares of Euro 1 each fully paid up	**1,221**	1,151
Total	**1,221**	1,151

i. Movement in share capital

	No. of Shares	Amount in ₹
As at April 1, 2017	**20**	1,145
Issued during the year	**-**	-
Foreign exchange movement		6
As at March 31, 2018	**20**	1,151
Issued during the year	**-**	-
Foreign exchange movement		70
As at March 31, 2019	**20**	1,221

ii. Rights, preferences and restriction attached to the shares

The Company has only ordinary shares (shares) having a par value of Euro 1 each. Each holder of shares is entitled to one vote per share. In the event of liquidation of the Company, the holder of shares will be entitled to receive remaining assets of the Company. The distribution will be in proportion to the number of shares held by the shareholder.

iii. Shares of the company held by holding/ultimate holding company

	As at March 31, 2019	As at March 31, 2018
a) Reliance Flag Telecom Ireland Limited	**20**	20
	20	20

iv. Details of shareholders holding more than 5% shares in the Company

		As at March 31, 2019	As at March 31, 2018
Ordinary Shares			
i) Reliance Flag Telecom Ireland DAC			
	No. of Shares	**20**	20
	Shareholding %	**100%**	100%

Other equity

	As at March 31, 2019	As at March 31, 2018
A) Reserves and surplus	**(23,10,43,342)**	(24,10,23,922)
b) Other reserve	**(2,81,42,030)**	(1,25,48,696)
Total	**(25,91,85,372)**	(25,35,72,618)

a) Reserves and surplus
Retained earnings

	As at March 31, 2019	As at March 31, 2018
Opening balance	**(24,10,23,922)**	(24,16,15,985)
Net Profit / (Loss) for the year	**99,80,580**	5,92,063
Total	**(23,10,43,342)**	(24,10,23,922)

Retained earnings represent the amount of accumulated earnings at each Balance Sheet date, prepared in accordance with the basis of preparation section.

b) Other reserves
Foreign Exchange Translation Reserve

	As at March 31, 2019	As at March 31, 2018
Opening balance	**(1,25,48,696)**	(1,12,87,951)
Currency translation differences during the year	**(1,55,93,334)**	(12,60,745)
Total	**(2,81,42,030)**	(1,25,48,696)

FLAG TELECOM IRELAND NETWORK DAC
Notes Forming part of the Financial Statements for the year ended March 31, 2019

Amount in ₹

	Particulars	As at March 31, 2019	As at March 31, 2018
2.09	**Other Non-current liabilities**		
	Deferred revenue	**16,97,93,298**	16,00,21,375
	Total	**16,97,93,298**	16,00,21,375
2.10	**Trade payables**		
	Trade payables	**13,85,46,319**	15,81,82,232
	Trade accruals	**31,65,21,550**	38,80,64,579
	Total	**45,50,67,869**	54,62,46,811
2.11	**Other Financial liabilities**		
	Capital Creditors	**26,27,89,000**	-
	Due to related parties	**2,73,73,41,837**	1,80,20,94,740
	Total	**3,00,01,30,837**	1,80,20,94,740

FLAG TELECOM IRELAND NETWORK DAC
Notes Forming part of the Financial Statements for the year ended March 31, 2019

Amount in ₹

	Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
2.12	**Revenue from operations**		
	Network service revenue	**76,97,74,531**	78,85,07,441
	Total	**76,97,74,531**	78,85,07,441
2.13	**Other income**		
	Gain on foreign exchange fluctuation (net)	**39,92,372**	9,42,490
	Provision/ Liabilities written back to the extent no longer required	**1,78,89,963**	27,43,555
	Miscellaneous income	**-**	11,78,698
	Total	**2,18,82,335**	48,64,743
2.14	**Network operation expenses**		
	Equipment maintenance and support	**10,31,44,160**	10,06,25,776
	Landing stations and point of presence costs	**5,26,54,911**	5,02,67,847
	Terrestrial cable, inland amplifier and regenerator sites	**7,58,06,664**	9,79,03,859
	Local tails	**42,08,52,485**	41,44,44,416
	Internet protocol	**3,50,36,581**	5,78,62,755
	Total	**68,74,94,801**	72,11,04,653
2.15	**Depreciation and amortization expense**		
	Depreciation on Tangible assets	**62,53,965**	58,47,563
	Less:recoupment from revaluation reserve	**-**	-
	Net Depreciation on tangible assets	**62,53,965**	58,47,563
	Amortisation of Intangible assets	**8,53,28,985**	6,25,70,966
	Total	**9,15,82,950**	6,84,18,529
2.16	**Other expenses**		
	Communication Expenses	**11,17,118**	-
	Professional charges	**-**	4,18,035
	Rates and taxes	**83,899**	13,89,187
	Bank charges	**3,75,975**	5,60,953
	Payment to auditors	**9,55,082**	8,51,686
	Miscellaneous expense	**66,461**	37,078
	Total	**25,98,535**	32,56,939

2.17 Segment Reporting

The RGL Group is being geared to provide the customers with a composite service tailored to their industry or their specific needs like cost optimization or increased speed of reach, which in-turn involves leveraging a combination of the assets and service capabilities of RGL Group. The Group CEO of RGL along with steering committee performs the function of Chief Operating Decision Maker ('CODM'). The RGL Group has a single operating segment, viz. Data Services Business. The Data Services Business of RGL Group provides an integrated service to its global customers.

The CODM reviews the segment results at a combined level for all regions and businesses, when assessing the RGL Group's overall performance and deciding the manner in which to allocate resources.

Further, when a composite service is offered to a customer, while the billing may be done in one jurisdiction the services in-turn would be sought or assets used would be from different legal entities within the RGL Group domiciled in different geographies. Therefore, it is impracticable to meaningfully disclose service revenue by geographical locations.

2.18 Earnings Per Share

Amount in ₹ except number of shares

Particulars		For the year ended March 31, 2019	For the year ended March 31, 2018
A	Profit/(Loss) for the year attributable to shareholders	99,80,580	5,92,063
B	Weighted average number of share of Euro 1 each used as denominator for calculating Basic and Diluted EPS	20	20
C	Basic and Diluted Earnings per Share (A/B)	4,99,029	29,603

2.19 Notes to Foreign Currency Translation Reserve

The amounts relating to Balance Sheet items appearing in Indian Rupees have been translated at Closing Rate of 1 USD = ₹ 69.155 (March 31 2018 1 USD = ₹ 65.175) and items relating to profit and loss have been translated at average rate of 1 USD = ₹ 69.916 (Previous year 1 USD = ₹ 64.446).

The amounts have been converted in INR to comply with the financial reporting requirement in India.

2.20 Related Party Transactions

In accordance with Indian Accounting Standard 24 "Related Party Disclosures" issued by the Institute of Chartered Accountants of India, the company's related parties and transactions are disclosed below which are in ordinary course of business and at arms' length basis:

List of related parties:

(a) Parent company

i. Reliance Communication Limited
ii. Reliance Globalcom Limited
iii. Reliance FLAG Telecom Ireland DAC

(b) List of subsidiaries

i. FLAG Telecom Espana Network SAU
ii. FLAG Telecom Network USA Limited

(c) Enterprises as affiliated companies are:

i. Reliance Globalcom Limited
ii. FLAG Telecom Asia Limited
iii. FLAG Telecom Japan Limited
iv. Reliance Globalcom UK Limited
v. Reliance FLAG Telecom Ireland DAC
vi. Reliance FLAG Atlantic France SAS
vii. FLAG Telecom Network USA Limited
viii. FLAG Atlantic UK Limited
ix. Reliance Communication Inc
x. Vanco UK Limited
xi. Reliance IDC Limited

Amount in ₹

(d) Sales of services

Particulars	**For the year ended March 31, 2019**	**For the year ended March 31, 2018**
Service Revenue		
Parent company	76,97,74,531	78,85,07,441
Total	**76,97,74,531**	**78,85,07,441**

Sales of services are negotiated with related parties on a cost-plus basis and are determined on the basis of market price.

(e) Purchases of services

Particulars	**For the year ended March 31, 2019**	**For the year ended March 31, 2018**
Network Operating Expenses		
Parent company	4,17,25,843	6,05,68,916
Fellow subsidiaries	11,00,478	-
Total	**4,28,26,321**	**6,05,68,916**

Purchases of services are negotiated with related parties on a cost-plus basis and are determined on the basis of market price.

(f) Year-end balances arising from sales/purchases of services

Particulars	As at March 31, 2019	As at March 31, 2018
Advance to Vendor		
Parent company	-	17,21,70,314
Total	**-**	**17,21,70,314**

Advance to vendors represent sums paid in advance for services to be received subsequently.

Particulars	As at March 31, 2019	As at March 31, 2018
Trade Payables		
Parent company	84,69,712	-
Fellow subsidiaries	14,62,835	53,444
Total	**99,32,547**	**53,444**

The payables to related parties arise mainly from purchase transactions and are due 1-2 months after the date of purchase. The payables bear no interests.

Particulars	As at March 31, 2019	As at March 31, 2018
Advance to related parties		
Parent company	2,76,34,12,258	1,71,32,77,393
Subsidiaries	63,85,645	32,76,924
Fellow subsidiaries	7,88,10,046	7,36,72,604
Total	**2,84,86,07,949**	**1,79,02,26,921**

2.21 The previous year’s figures have been regrouped and reclassified wherever necessary.

For Shridhar & Associates
Chartered Accountants
Firm Registration No. : 134427W

For Flag Telecom Ireland Network DAC

Jitendra Sawjiany
Partner
Membership Number: 050980

Place : Mumbai
Date : 22nd May 2019

Andrew Goldie
Director

Place :
Date : 21st May 2019

Dermot Lucey
Director

Place :
Date : 21st May 2019

Independent Auditors' Report

To the Board of Directors of FLAG Atlantic UK Limited

Report on the Ind AS Financial Statements

Opinion

We have audited the accompanying standalone Ind AS financial statements of **FLAG Atlantic UK Limited** ("the Company"), which comprise the Balance Sheet as at 31st March, 2019, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the 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 standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the state of affairs of the Company as at 31st March, 2019, and its profit/loss (including 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 in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013 ("the Act"). Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Ind AS 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 together with the ethical requirements that are relevant to our audit of the Ind AS financial statements 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 Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter

We draw your attention to note 2.08 of the notes to the financial statements where the company has negative net worth amounting to INR 6,81,31,99,799 for the year 2019 and INR 6,84,20,60,195 for the year 2018 (excluding loss on account of FCTR) . The financial statements are prepared under going concern assumption since the immediate parent company (Reliance Globalcom Limited, Bermuda) will continue to support the company in meeting its liabilities as they fall due within the coming 12 months.

The Reliance Globalcom Limited, Bermuda has confirmed its intention to continue to support the company for at least 12 months from the date of approval of these financial statements, by providing sufficient funds to enable it to meet its liabilities and obligations as they fall due. On this basis, the directors have concluded that it remains appropriate to prepare the financial statements on the going concern.

Other Information

Our opinion on the Ind AS 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 Ind AS financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Ind AS financial statements or our knowledge obtained in the 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.

This report is issued for the information and use of the Board of directors of the Company and of Reliance Communications Limited, the holding company in India to comply with the financial reporting requirements in India and should not be used for any other purposes without our prior written consent.

Management's Responsibility for the Ind AS financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards ('Ind AS'), prescribed under section 133 of the Companies Act, 2013 ("the Act") read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015, the Companies (Indian Accounting Standards) Amendment Rules, 2016 and other provisions of the Act, to the extent notified and applicable as well as applicable guidance notes and pronouncements of the Institute of Chartered Accountants of India (the ICAI).

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 standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Audit of the Ind AS Financial Statements

Our responsibility is to express an opinion on these standalone Ind AS financial statements based on our audit.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the standalone Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the company has in place and adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the standalone Ind AS financial statements.

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.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone Ind AS financial statements.

For Shridhar & Associates
Chartered Accountants
Firm Registration No.134427W

Jitendra Sawjiany
Partner
Membership No.050980

Place: Mumbai
Date: 22nd May 2019

FLAG ATLANTIC UK LIMITED
Balance Sheet as at March 31, 2019

Amount in ₹

Particulars	Notes	As at March 31, 2019	As at March 31, 2018
ASSETS			
Non-current assets			
Property, plant and equipment	**2.01**	**1,01,20,38,388**	1,02,47,83,098
Intangible assets	**2.02**	**45,93,975**	73,71,124
Total Non-current assets		**1,01,66,32,363**	1,03,21,54,222
Current assets			
Financial Assets			
Trade receivables	**2.04**	**5,60,156**	5,27,917
Cash and cash equivalent	**2.05**	**1,24,84,208**	2,35,377
Other financial assets	**2.06**	**99,15,28,451**	66,78,21,667
Other currrent assets	**2.07**	**2,27,52,603**	2,04,47,874
Total Current assets		**1,02,73,25,418**	68,90,32,835
Total Assets		**2,04,39,57,781**	1,72,11,87,057
EQUITY AND LIABILITIES			
Equity			
Share capital	**2.08**	**105**	99
Other equity	**2.08**	**(7,87,17,19,324)**	(7,44,55,90,491)
Total equity		**(7,87,17,19,219)**	(7,44,55,90,392)
LIABILITIES			
Non-current liabilities			
Other Non-current liabilities	**2.09**	**80,83,92,767**	76,18,68,246
Total Non-current liabilities		**80,83,92,767**	76,18,68,246
Current liabilities			
Financial liabilities			
Trade payables	**2.10**	**11,01,79,968**	19,46,27,160
Other financial liabilities	**2.11**	**8,99,64,50,405**	8,20,96,65,814
Other current liabilities	**2.12**	**6,53,515**	6,15,904
Income tax liabilities (Net)	**2.13**	**345**	325
Total Current liabilities		**9,10,72,84,233**	8,40,49,09,203
Total Liabilities		**9,91,56,77,000**	9,16,67,77,449
Total Equity and Liabilities		**2,04,39,57,781**	1,72,11,87,057
General Information	**1.01**		
Significant Accounting Policies	**1.02**		
Notes to the Financial Statements	**2**		

The accompanying notes form an integral part of the financial statements

As per our report of even date attached

For Shridhar & Associates
Firm Registration No. 134427W
Chartered Accountants

For and on behalf of the Board

Jitendra Sawjiany
Partner
Membership No : 050980

Andrew Goldie
Director

B. K. Sinha
Director

Place: Mumbai
Date: 22nd May 2019

Place:
Date: 21st May 2019

Place:
Date: 21st May 2019

FLAG ATLANTIC UK LIMITED
Statement of Profit and loss for the year ended March 31, 2019

Amount in ₹

Particulars	Notes	For the year ended March 31, 2019	For the year ended March 31, 2018
INCOME			
Revenue from operations	**2.14**	**28,56,61,185**	34,66,61,620
Other income	**2.15**	**2,73,64,499**	96,65,539
Total Income		**31,30,25,684**	35,63,27,159
EXPENSES			
Network operation expenses	**2.16**	**17,79,58,592**	23,99,76,718
Depreciation and amortization expenses	**2.17**	**10,17,45,968**	8,99,65,758
Other expenses	**2.18**	**44,60,734**	17,28,810
Total Expenses		**28,41,65,294**	33,16,71,286
Profit / (Loss) before tax		**2,88,60,390**	2,46,55,873
Tax Expense			
-Current Tax		**-**	-
Profit / (Loss) after tax		**2,88,60,390**	2,46,55,873
Other comprehensive income			
Items that may be subsequently reclassified to statement of profit or loss			
Currency translation		**(45,49,89,223)**	(3,69,73,428)
Total other comprehensive income for the year		**(45,49,89,223)**	(3,69,73,428)
Total comprehensive income for the year		**(42,61,28,833)**	(1,23,17,555)
Earnings per Share of each fully paid up			
(1) Basic	**2.20**	**1,44,30,195**	1,23,27,937
(2) Diluted		**1,44,30,195**	1,23,27,937
General Information	**1.01**		
Significant Accounting Policies	**1.02**		
Notes to the Financial Statements	**2**		

The accompanying notes from an integral part of the financial statement

As per our report of even date attached

For Shridhar & Associates
Firm Registration No. 134427W
Chartered Accountants

For and on behalf of the Board

Jitendra Sawjiany
Partner
Membership No : 050980

Andrew Goldie
Director

B. K. Sinha
Director

Place: Mumbai
Date: 22nd May 2019

Place:
Date: 21st May 2019

Place:
Date: 21st May 2019

FLAG ATLANTIC UK LIMITED
Statement of Cash flows for the year ended March 31, 2019

Amount in ₹

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
A) CASH FLOW FROM OPERATING ACTIVITIES:		
Profit before tax	**2,88,60,390**	2,46,55,873
Adjustments for:		
Depreciation and amortisation expense	**10,17,45,968**	8,99,65,758
Foreign Currency Translation and exchange movement (net)	**(51,88,83,604)**	(4,25,66,554)
	(38,82,77,246)	7,20,55,077
Decrease / (Increase) in trade receivables	**(32,239)**	(2,633)
(Increase) / Decrease in other current assets	**(23,04,729)**	(60,20,695)
(Increase) / Decrease in other financial assets	**(32,37,06,784)**	(36,39,96,367)
(Decrease) / Increase in non-current liabilities	**4,65,24,521**	37,99,115
(Decrease) / Increase in Trade payables	**(8,44,47,192)**	(3,51,67,107)
(Decrease) / Increase in other current liabilities	**37,611**	(2,77,500)
(Decrease) / Increase in other financial liabilities	**78,67,84,591**	47,98,34,040
Cash generated from / (used in) operations	**3,45,78,534**	15,02,23,930
Income tax (Paid) / Refund	**-**	-
Net cash generated from / (used in) operating activities (A)	**3,45,78,534**	15,02,23,930
B) CASH FLOW FROM INVESTING ACTIVITIES:		
Purchase of property, plant and equipment and intangible assets (including capital work-in-progress)	**(2,23,29,702)**	(16,11,52,959)
Net cash (used in) / generated from investing activities (B)	**(2,23,29,702)**	(16,11,52,959)
C) CASH FLOW FROM FINANCING ACTIVITIES:		
Net cash generated from financing activities (C)	**-**	-
Net Increase / (Decrease) in cash and cash equivalents (A+B+C)	**1,22,48,831**	(1,09,29,029)
Cash and cash equivalents at the beginning of the year	**2,35,377**	1,11,64,406
Cash and cash equivalents at the end of the year (refer Note 2.05)	**1,24,84,208**	2,35,377

As per our report of even date attached
For Shridhar & Associates
Firm Registration No. 134427W
Chartered Accountants

For and on behalf of the Board

Jitendra Sawjiany
Partner
Membership No : 050980

Andrew Goldie
Director

B. K. Sinha
Director

Place: Mumbai
Date: 22nd May 2019

Place:
Date: 21st May 2019

Place:
Date: 21st May 2019

FLAG ATLANTIC UK LIMITED
Statement of changes in equity for the year ended March 31, 2019

Equity attributable to shareholders Amount in ₹

Particulars	Equity	Other equity		Total Other Equity	Total equity
	Share capital	Reserves and Surplus	Other Reserves		
		Retained Earnings	Foreign currency translation reserve		
Balance as at April 1, 2017	**99**	**(6,86,67,16,167)**	**(56,65,56,769)**	**(7,43,32,72,936)**	**(7,43,32,72,837)**
Net profit/(Loss) for the year	-	2,46,55,873	-	2,46,55,873	**2,46,55,873**
Currency translation			- 3,69,73,428	- 3,69,73,428	**(3,69,73,428)**
Foreign Exchange Movement	-			-	**-**
Balance as at March 31, 2018	**99**	**(6,84,20,60,294)**	**(60,35,30,197)**	**(7,44,55,90,491)**	**(7,44,55,90,392)**
Net profit/(Loss) for the year	**-**	2,88,60,390	**-**	2,88,60,390	**2,88,60,390**
Currency translation		-	(45,49,89,223)	(45,49,89,223)	**(45,49,89,223)**
Foreign Exchange Movement	6			-	**6**
Balance as at March 31, 2019	**105**	**(6,81,31,99,904)**	**(1,05,85,19,420)**	**(7,87,17,19,324)**	**(7,87,17,19,219)**

***Foreign Exchange Translation Reserve: Exchange differences on translating the financial statements**

As per our report of even date attached

For Shridhar & Associates
Firm Registration No. 134427W
Chartered Accountants

For and on behalf of the Board

Jitendra Sawjiany
Partner
Membership No : 050980

Andrew Goldie
Director

B. K. Sinha
Director

Place: Mumbai
Date: 22nd May 2019

Place:
Date: 21st May 2019

Place:
Date: 21st May 2019

FLAG Atlantic UK Limited

Notes Forming part of the Financial Statements for the year ended March 31, 2019

1.01 General Information

The principal activities of FLAG Atlantic UK Limited (the "Company") are providing Fiber Optic Cable Infrastructure in UK which forms part of Fiber Optic Link connecting in New York, London & Paris.

1.02 SIGNIFICANT ACCOUNTING POLICIES

a) Basis of Preparation of Financial Statements

The financial statements are prepared under historical cost convention in accordance with generally accepted accounting principles (GAAP) in India and in compliance with the Indian Accounting Standards (Ind AS) specified under section 133 to the Companies Act, 2013 read with Companies (Indian Accounting Standard) Rules, 2015 as notified/ amended by Ministry of Corporate Affairs, Government of India.

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle. Based on the nature of the services and their realization in cash and cash equivalents, the Company has ascertained its operating cycle as twelve months for the purpose of current – non-current classification of assets and liabilities.

Financial Statements have been prepared on a going concern basis and financial support as may be required, shall be extended by associates and / or parent company.

The Company has applied the following standards and amendments for the first time for their annual reporting period commencing April 1, 2018:

- Ind AS 115 Revenue from Contracts with Customers
- Amendment to Ind AS 21- Foreign Currency Transactions and Advance Consideration

The adoption of the above new standards, amendment and interpretation did not have material impact on these financial statements. There are no other Ind AS amendments that are effective that would be expected to have a material impact on the Company's Financial Statements.

Standards and amendments issued and not yet effective

The following standards and amendments, which were in issue but not yet effective and have not been early adopted by the Company.

Ind AS 116 - Leases

Ind AS 116 is applicable from annual periods beginning on or after April 1, 2019. It will replace previous lease standard Ind AS 17. Ind AS 116 sets out the principles for recognition, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to accounting for finance leases under Ind AS 17. The standard includes two recognition exemption for leases: leases of 'low-value' assets and short-term leases. At the commencement date of a lease, a lessee will recognise a liabilityto make lease payments and an asset representing right to use the underlying asset during the lease term. Lessor accounting under Ind AS 16 is substantially unchanged from today's accounting under Ind AS 17.

Appendix C to Ind AS 112 -'Uncertainty over Income tax treatments'

This Appendix explains how to recognize and measure deferred and current tax assets and liabilities where there is uncertainty over a tax treatment. It provides a framework to consider, recognize and measure the accounting impact of tax uncertainties. This Appendix is applicable for annual periods beginning on or after April 1, 2019.
The company is evaluating the impact of the new standard and amendment on the financial position and results of operation. There are no other standards that are not yet effective and that would be expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

b) Foreign Currency

i) Foreign Currency Transactions

Initial Recognition

On initial recognition, all foreign currency transactions are recorded by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

Subsequent Recognition

As at the reporting date, non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction. All non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined. All monetary assets and liabilities in foreign currency are restated at the end of accounting period. The resulting foreign exchange gains and losses are recognized in the Statement of Profit and loss on a net basis.

ii) Translation into Presentation Currency

The financial statements are translated into presentation currency which is Indian Rupees. Foreign exchange gains and losses resulting from translation into presentation currency are recognized in Other Comprehensive Income

c) Property, plant and equipment

Recognition and measurement

Property, plant and equipment consists of network assets, leasehold improvements, computers and office equipment, vehicles, furniture and fittings.
Property, plant and equipment are stated at cost, net of accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the assets and includes the projected cost of dismantlement, removal or restoration if the obligation for the dismantlement, removal or restoration is incurred as a consequence of either acquiring the asset or using the asset for purpose other than to produce inventories.

Subsequent expenditure

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the Statement of Profit and Loss during the financial period in which they are incurred.

Depreciation

Depreciation on all assets is calculated so as to write-down the cost of property, plant and equipment to its residual value over its estimated useful life. Estimated useful lives, residual values and depreciation methods are reviewed annually, taking into account commercial and technological obsolescence as well as normal wear and tear.
Depreciation is recorded on a straight-line basis over the estimated useful lives of the property, plant and equipment as follows:

Network assets..the shorter of 15 to 25 years or remaining useful lives
Leasehold improvements................................over the period of lease
Computers and office equipment....................3 to 6 years
Furniture and fittings…....................................3 to 7 years

The estimated useful lives of network assets are determined based on the estimated period over which they will generate revenue. Depreciation on any capitalisation due to modifications, improvements of the assets is restricted to the remaining useful life of the fixed asset.
Any gain or loss on disposal of an item of property, plant and equipment is recognised in statement of profit or loss.

Capital work in Progress

Costs incurred prior to the capital project's completion are reflected as capital-work-in-progress, which is transferred to property, plant and equipment at the date the project is complete. Capital-work-in-progress is stated at cost.

d) Intangible Assets

Indefeasible Right of Use (IRU)

IRU are amortised over their estimated useful lives of 5 to 25 years on straight line basis. The estimated useful life of IRUs is based on the contractual terms of the respective contracts.

Software and Licences

Acquired computer software licences are capitalized on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortized over their estimated useful lives of 3 to 5 years.

Costs that are directly associated with the production of identifiable and unique software products controlled by the entity and that will probably generate economic benefits exceeding costs beyond 1 year, are recognized as intangible assets.

Computer software development costs recognized as intangible assets and are amortized over their estimated useful lives, not exceeding 5 years.

Intangible Assets under Development

Intangible assets not ready for the intended use on the date of the Balance Sheet are disclosed as "intangible assets under development".

e) Impairment of Non-Financial assets

Non financial assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non- financial assets that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

f) Financial Instruments

Financial instruments are recognised when the Company becomes a party to the contractual provisions of the instrument.

(a) Investments and other Financial Assets

(I) Classification

The Company classifies its financial assets in the following measurement categories:

a) those to be measured subsequently at fair value (either through other comprehensive income, or through Statement of profit and loss); and
b) those to be measured at amortised cost.

The classification depends on the Company's business model for managing the financial assets and the contractual terms of the cash flows.
For assets measured at fair value, gains and losses will either be recorded in Statement of profit and loss or other comprehensive income ('OCI').

(II) Measurement

At initial recognition, the Company measures a financial asset at its fair value. Transaction costs of financial assets carried at fair value through the statement of profit and loss are expensed in the statement of profit and loss.

(III) Derecognition of financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the assets expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of the transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

IV) Impairment of financial assets

The Company recognizes loss allowances using the expected credit loss (ECL) model for the financial assets which are not fair valued through profit or loss. Loss allowance for trade receivables with no significant financing component is measured at an amount equal to lifetime ECL. For all other financial assets, expected credit losses are measured at an amount equal to the 12-month ECL, unless there has been a significant increase in credit risk from initial recognition in which case those are measured at lifetime ECL. The amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognised as an impairment gain or loss in statement of profit or loss.

(b) Financial Liabilities

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

(I) Classification

The financial liabilities are classified in the following measurement categories:

a) those to be measured as financial liabilities at fair value through profit or loss,
b) those to be measured at amortised cost.

(II) Initial recognition and measurement

Financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. Financial liabilities are initially measured at the amortised cost unless at initial recognition, they are classified as fair value through profit and loss.

(III) Subsequent measurement

Financial liabilities are subsequently measured at amortised cost using the effective interest rate
method. Financial liabilities carried at fair value through profit or loss are measured at fair value with all changes in fair value recognised in the statement of profit and loss.

(IV) Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the Statement of profit and loss.

g) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counter party.

h) Trade receivables

Trade receivables are amounts due from customers for services performed in the ordinary course of business. If collection is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at fair value. They are subsequently measured at amortised cost (net of allowance for impairment) using the effective interest method, if the effect of discounting is considered material.

i) Cash and Cash Equivalents

In the statement of cash flows, cash and cash equivalents include cash in hand, demand deposits with banks, other short-term highly liquid investments with original maturities of three months or less and that are readily convertible to known amount of cash and cash equivalent and bank overdrafts.

j) Share Capital

Ordinary Common Shares are classified as equity.
Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

k) Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified under current liabilities if payment is due within one year or less. If not, they are presented under non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using effective interest rate method.

l) Provisions and Contingent Liabilities

Provisions are recognised when there is a present legal or constructive obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and there is a reliable estimate of the amount of the obligation. Provisions are measured at the best estimate of the expenditure required to settle the present obligation at the Balance Sheet date and are not discounted to its present value.

Contingent Liabilities: Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made.

m) Current and deferred Tax

Tax expense for the period, comprising current tax and deferred tax, are included in the determination of the net profit or loss for the period. Current tax is measured at the amount expected to be paid to the tax authorities in accordance with the taxation laws prevailing in the respective jurisdictions.
Deferred tax is recognized, using the liability method, for all the temporary differences, subject to the consideration of prudence in respect of deferred tax assets. Deferred tax assets are recognised and carried forward only to the extent that it is probable that sufficient future taxable income will be available against which such deferred tax assets can be realised. However, where there is unabsorbed depreciation or carry forward loss, the deferred tax asset is recognised and carried forward only to the extent that it is probable that the assets will be realised in future. Deferred tax assets and liabilities are measured using the tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date. At each Balance Sheet date, the Company re-assesses unrecognised deferred tax asset if any.

Current tax assets and current tax liabilities are offset when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle the asset and the liability on a net basis. Deferred tax assets and deferred tax liabilities are offset when there is a legally enforceable right to set off assets against liabilities representing current tax and where the deferred tax assets and the deferred tax liabilities relate to taxes on income levied by the same governing taxation laws.

n) Revenue Recognition

The Company has adopted Ind AS 115 Revenue from Contracts with Customers with a date of initial application of April 1, 2018. As a result, the Group has updated its accounting policy for revenue recognition as detailed below.

The Company has applied Ind AS 115 using the cumulative effect method and therefore the comparative information has not been restated and continues to be reported under Ind AS 18 .

Company recognizes revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and when specific criteria have been met for Company's activities as described below. Revenue is measured at the fair value of the consideration receivable and represents amount receivable for services rendered, net of taxes, expected variable consideration, price reductions and rebates. The company uses expected value method or most likely amount method to estimate the amount of variable consideration.

Where the contracts include multiple performance obligations, the transaction price will be allocated to each performance obligation based on the stand- alone selling prices. Where these are not directly observable, they are estimated based on market assessment approach.

Indefeasible Right of Use

The Company sells Right of Use (ROU) that provide customers with network capacity, typically over a 10 to 15 year period without transferring the legal title or giving an option to purchase the network capacity. Revenue from cancellable ROU arrangements are accounted as operating lease and recognized over the life of the contract.

Internet Protocol Services

The Company recognises internet protocol revenue over the term of the contract. Fees related to activation of services are deferred and recognised over the expected term of the related service agreement.

International Private Leased Circuits

International Private Leased Circuits include lease capacity services and restoration service for other network operators. The customer typically pays the charges for these services periodically over the life of the contract, which may be up to three years. Revenue is recognized in the Company's Statement of Profit and Loss over the term of the contract.

Operations and Maintenance Services

The Company provides operation and maintenance services over the life of the capacity contract, for which the Company receives Operation and Maintenance charges. Operation and maintenance charges are invoiced separately from capacity sales. Revenues relating to maintenance are recognized over the period in which the service is provided.

Network service revenue

Transfer pricing is based on provisions contained in Organization for Economic Co-operation & Development (the OECD guidelines).

o) Deferred Revenue

Deferred Revenue represents income billed in accordance with the contract but not recognised in Statement of Profit and Loss as at the Balance Sheet date. Deferred Revenue net of the amount recognizable beyond one year is disclosed as unearned income in non-current liabilities and the amount recognizable within one year is disclosed as deferred revenue in current liabilities.

p) Accrued Income

Where the services are performed prior to billing, unbilled debtors is recognized in other current assets.

q) Employee Benefits

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the Balance Sheet.

Eligible employees of the company are covered by defined contribution pension plan. Contribution to the plan is generally based on each employee's eligible compensation and years of service and is based on the local regulations. The schemes are funded through payments to insurance companies as defined contribution plans. In some defined contribution retirement plan, eligible employees may contribute amounts to the plan, via payroll withholding, subject to certain limitations.

r) Use of Estimates

The presentation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of Balance Sheet and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognized in the year in which the results are known / materialized.

s) Earnings Per Share

i) Basic earnings per share

Basic earnings per share is calculated by dividing:
- the profit attributable to owners of the company
- by the weighted average number of equity shares outstanding during the financial year, adjusted for bonus elements in equity shares issued during the year.

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:
- the after income tax effect of interest and other financing costs associated with dilutive potential equity shares, and
- the weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

FLAG ATLANTIC UK LIMITED
Notes Forming part of the Financial Statements for the year ended March 31, 2019

2.01 Property, plant and equipments

Amount in ₹

Particulars	Network Assets	Computers	Furniture and fixtures	Total
Gross carrying value				
As at April 1, 2018	2,27,62,10,414	1,66,06,134	1,01,41,360	2,30,29,57,908
Additions	2,23,29,702	-	-	2,23,29,702
Exchange differences	13,87,56,837	10,14,076	6,19,296	14,03,90,209
As at March 31, 2019	**2,43,72,96,953**	**1,76,20,210**	**1,07,60,656**	**2,46,56,77,819**
Accumulated depreciation				
As at April 1, 2018	1,25,96,25,224	84,08,226	1,01,41,360	1,27,81,74,810
Depreciation for the year	9,40,80,010	44,03,167		9,84,83,177
Exchange differences	7,58,96,685	4,65,463	6,19,296	7,69,81,444
As at March 31, 2019	**1,42,96,01,919**	**1,32,76,856**	**1,07,60,656**	**1,45,36,39,431**
Closing net carrying value as at March 31, 2019	**1,00,76,95,034**	**43,43,354**	**-**	**1,01,20,38,388**
Gross carrying value as at March 31, 2019	2,43,72,96,953	1,76,20,210	1,07,60,656	2,46,56,77,819
Accumulated depreciation	1,42,96,01,919	1,32,76,856	1,07,60,656	1,45,36,39,431
Closing net carrying value as at March 31, 2019	**1,00,76,95,034**	**43,43,354**	**-**	**1,01,20,38,388**

Particulars	Network Assets	Computers	Furniture and fixtures	Total
Gross carrying value				
As at April 1, 2017	2,10,26,96,641	1,65,23,253	1,00,90,771	2,12,93,10,665
Additions	16,11,52,959	-	-	16,11,52,959
Exchange differences	1,23,60,814	82,881	50,589	1,24,94,284
As at March 31, 2018	**2,27,62,10,414**	**1,66,06,134**	**1,01,41,360**	**2,30,29,57,908**
Accumulated depreciation				
As at April 1, 2017	1,17,02,48,403	42,82,080	1,00,90,771	1,18,46,21,254
Depreciation for the year	8,25,77,938	40,58,745	-	8,66,36,683
Exchange differences	67,98,883	67,401	50,589	69,16,873
As at March 31, 2018	**1,25,96,25,224**	**84,08,226**	**1,01,41,360**	**1,27,81,74,810**
Closing net carrying value as at March 31, 2018	**1,01,65,85,190**	**81,97,908**	**-**	**1,02,47,83,098**
Gross carrying value as at March 31, 2018	2,27,62,10,414	1,66,06,134	1,01,41,360	2,30,29,57,908
Accumulated depreciation	1,25,96,25,224	84,08,226	1,01,41,360	1,27,81,74,810
Closing net carrying value as at March 31, 2018	**1,01,65,85,190**	**81,97,908**	**-**	**1,02,47,83,098**

FLAG ATLANTIC UK LIMITED

Notes Forming part of the Financial Statements for the year ended March 31, 2019

2.02 Intangible assets

Amount in ₹

Particulars	Indefeasible Right of Use	Total
Gross carrying value		
As at April 1, 2018	6,98,73,493	6,98,73,493
Exchange differences	42,66,920	42,66,920
As at March 31 2019	**7,41,40,413**	**7,41,40,413**
Accumulated amortisation		
As at April 1, 2018	6,25,02,369	6,25,02,369
Amortisation for the year	32,62,791	32,62,791
Exchange differences	37,81,278	37,81,278
As at March 31 2019	**6,95,46,438**	**6,95,46,438**
Closing net carrying value as at March 31 2019	**45,93,975**	**45,93,975**
Gross carrying value		
as at March 31 2019	7,41,40,413	7,41,40,413
Accumulated amortisation	6,95,46,438	6,95,46,438
Closing net carrying value as at March 31 2019	**45,93,975**	**45,93,975**

Particulars	Indefeasible Right of Use	Total
Gross carrying value		
As at April 1, 2017	6,95,25,086	6,95,25,086
Exchange differences	3,48,407	3,48,407
As at March 31 2018	**6,98,73,493**	**6,98,73,493**
Accumulated amortisation		
As at April 1, 2017	5,88,40,623	5,88,40,623
Amortisation for the year	33,29,151	33,29,151
Exchange differences	3,32,595	3,32,595
As at March 31 2018	**6,25,02,369**	**6,25,02,369**
Closing net carrying value as at March 31 2018	**73,71,124**	**73,71,124**
Gross carrying value		
as at March 31 2018	6,98,73,493	6,98,73,493
Accumulated amortisation	6,25,02,369	6,25,02,369
Closing net carrying value as at March 31 2018	**73,71,124**	**73,71,124**

FLAG Atlantic UK Limited
Notes to the Financial Statements

Amount in ₹

	Particulars	As at March 31, 2019	As at March 31, 2018
2.04	**Trade receivables**		
	Considered Goods	**5,60,156**	5,27,917
	Total	**5,60,156**	5,27,917
2.05	**Cash and cash equivalent**		
	Balance with banks		
	- Current accounts	**1,24,84,208**	2,35,377
	Total	**1,24,84,208**	2,35,377
2.06	**Other Financal assets**		
	Advances to related parties	**99,15,28,451**	66,78,21,667
	Total	**99,15,28,451**	66,78,21,667
2.07	**Other Current Assets**		
	Prepaid expenses	**12,85,365**	12,50,949
	Advance for supply of goods and rendering of services	**-**	2,17,799
	Balances with Government authorities	**2,14,67,238**	1,89,79,126
	Total	**2,27,52,603**	2,04,47,874

FLAG Atlantic UK Limited
Notes to the Financial Statements

2.08 Equity
Share capital

	As at March 31, 2019	As at March 31, 2018
Authorised		
1000 (1000) Ordinary Shares of GBP 1 each	**49,535**	49,285
Issued, subscribed & fully paid up (GBP 1 per share)		
2 (2) Shares of GBP 1 each, Fully paid up	**105**	99
Total	**105**	99

i. Movement in share capital

	No. of Shares	Amount in ₹
As at April 1, 2017	**2**	101
Issued during the year	**-**	-
Foreign Exchange Movement		(2)
As at March 31, 2018	**2**	99
Issued during the year	**-**	-
Foreign Exchange Movement		6
As at March 31, 2019	**2**	105

ii. Rights, preferences and restriction attached to the shares

The Company has ordinary shares having a par value of GBP 1 each . Each holder of shares is entitled to one vote per share. In the event of liquidation of the Company, the holder of shares will be entitled to receive remaining assets of the Company. The distribution will be in proportion to the number of shares held by the shareholder.

iii. Shares of the company held by holding/ultimate holding company

	As at March 31, 2019	As at March 31, 2018
a) Reliance Globalcom Limited	**2**	2
	2	2

iv. Details of shareholders holding more than 5% shares in the Company

Ordinary Shares			
Reliance Globalcom Limited			
	No. of Shares	**2**	2
	%	**100%**	100%

Other equity

	As at March 31, 2019	As at March 31, 2018
a) Reserves & surplus	**(6,81,31,99,904)**	(6,84,20,60,294)
b) Other reserves	**(1,05,85,19,420)**	(60,35,30,197)
Total	**(7,87,17,19,324)**	(7,44,55,90,491)

a) Reserves & surplus
Retained earnings

	As at March 31, 2019	As at March 31, 2018
Opening balance	**(6,84,20,60,294)**	(6,86,67,16,167)
Net Profit for the year	**2,88,60,390**	2,46,55,873
Closing balance	**(6,81,31,99,904)**	(6,84,20,60,294)

Retained earnings represent the amount of accumulated earnings at each Balance Sheet date, prepared in accordance with the basis of preparation section.

b) Other reserves
Foreign currency translation reserve

	As at March 31, 2019	As at March 31, 2018
Opening balance	**(60,35,30,197)**	(56,65,56,769)
Currency translation differences during the year	**(45,49,89,223)**	(3,69,73,428)
Closing balance	**(1,05,85,19,420)**	(60,35,30,197)

FLAG Atlantic UK Limited
Notes to the Financial Statements

	Particulars	As at March 31, 2019	As at March 31, 2018
2.09	**Other Non-current liabilities**		
	Deferred revenue	**80,83,92,767**	76,18,68,246
	Total	**80,83,92,767**	76,18,68,246
2.10	**Trade payables**		
	Trade payables	**9,43,853**	8,44,581
	Trade accruals	**10,92,36,115**	19,37,82,579
	Total	**11,01,79,968**	19,46,27,160
2.11	**Other Financial liabilities**		
	Capital creditors	**15,01,149**	85,62,118
	Due to related parties	**8,99,49,49,256**	8,20,11,03,696
	Total	**8,99,64,50,405**	8,20,96,65,814
2.12	**Other current liabilities**		
	Statutory liabilities	**1,86,719**	1,75,973
	Deferred revenue	**4,66,796**	4,39,931
	Total	**6,53,515**	6,15,904
2.13	**Income tax liabilities (net)**		
	Income tax liabilities	**345**	325
	Total	**345**	325

FLAG ATLANTIC UK LIMITED
Notes to the Financial Statements

Amount in ₹

	Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
2.14	**Revenue from operations**		
	Lease capacity services	**18,87,732**	17,40,042
	Network service revenue	**28,37,73,453**	34,49,21,578
	Total	**28,56,61,185**	34,66,61,620
2.15	**Other income**		
	Provision/ Liabilities written back to the extent no longer required	**2,69,38,136**	1,07,143
	Miscellaneous income	**4,26,363**	95,58,396
	Total	**2,73,64,499**	96,65,539
2.16	**Network operation expenses**		
	Equipment Maintenance and Support	**11,12,996**	32,545
	Landing Stations and Point of Presence costs	**8,91,02,231**	16,22,06,345
	Terrestrial Cable, Inland Amplifier and Regenerator Sites	**8,14,13,647**	6,97,05,848
	Local Tails	**43,23,516**	78,38,540
	Internet Protocol Expenses	**20,06,202**	1,93,440
	Total	**17,79,58,592**	23,99,76,718
2.17	**Depreciation and Amortization expenses**		
	Depreciation on Tangible assets	**9,84,83,177**	8,66,36,588
	Amortisation of Intangible assets	**32,62,791**	33,29,170
	Total	10,17,45,968	8,99,65,758
2.18	**Other expenses**		
	Professional Charges	**1,20,495**	84,993
	Licensing and Regulatory Fees	**93,745**	83,511
	Audit fees	**8,24,682**	7,93,932
	Bank Charges	**90,262**	1,55,294
	Net Loss on Foreign Currency Transaction and Translation	**33,25,964**	6,11,080
	Miscellaneous Expense	**5,586**	-
	Total	**44,60,734**	17,28,810

2.19 Segment Reporting

The Company is being geared to provide the customers with a composite service tailored to their industry or their specific needs like cost optimization or increased speed of reach, which in-turn involves leveraging a combination of the assets and service capabilities of RGL Group. The Group CEO of RGL along with steering committee performs the function of Chief Operating Decision Maker ('CODM'). The company has a single operating segment, viz. Data Services Business. The Data Services Business of RGL Group provides an integrated service to its global customers.

The CODM reviews the segment results at a combined level for all regions and businesses, when assessing the RGL Group's overall performance and deciding the manner in which to allocate resources.

Further, when a composite service is offered to a customer, while the billing may be done in one jurisdiction the services in-turn would be sought or assets used would be from different legal entities within the Company domiciled in different geographies. Therefore, it is impracticable to meaningfully disclose service revenue by geographical locations.

2.20 Earnings Per Share

₹ except number of shares

Particulars		Year ended March 31, 2019	Year ended March 31, 2018
A	Profit for the year attributable to shareholders	2,88,60,390	2,46,55,873
B	Weighted average number of share of GBP 1 each used as denominator for calculating Basic and Diluted EPS	2	2
C	Basic and Diluted Earnings per Share (A/B)	1,44,30,195	1,23,27,937

2.21 Notes to Foreign Currency Translation Reserve

The amounts relating to Balance Sheet items appearing in Indian Rupees have been translated at Closing Rate of 1 USD = ₹ 69.155 (March 31 2017 1 USD = ₹ 65.175) and items relating to profit and loss have been translated at average rate of 1 USD = ₹ 69.916 (Previous year 1 USD = ₹ 64.446).

The amounts have been converted in INR to comply with the financial reporting requirement in India.

2.22 Related Party Transactions

In accordance with Indian Accounting Standard 24 "Related Party Disclosures" issued by the Institute of Chartered Accountants of India, the company's related parties and transactions are disclosed below which are in ordinary course of business and at arms' length bas

FLAG Atlantic UK Limited

Notes Forming part of the Financial Statements for the year ended March 31, 2019

List of related parties:

(a) Parent company

i. Reliance Communication Limited
ii. Reliance Globalcom Limited

(b) Related parties with whom transactions have taken place

i. Reliance Globalcom Limited
ii. FLAG Telecom Japan Limited
iii Reliance FLAG Telecom Ireland DAC
iv.. Vanco UK Limited
v. Reliance Flag Atlantic France SAS
vi. Flag Telecom Network USA Limited
vii. Reliance Globalcom (U.K.) Limited
viii. Flag Telecom Ireland Network DAC
ix. FLAG Telecom Deutschland GmbH

(c) Sales of services

Particulars	**For the year ended March 31, 2019**	**For the year ended March 31, 2018**
Service Revenue		
Parent company	-	-
Fellow subsidiaries	28,37,73,453	34,49,21,578
Total	**28,37,73,453**	**34,49,21,578**

Sales of services are negotiated with related parties on a cost-plus basis and are determined on the basis of market price.

(d) Year-end balances arising from sales/purchases of services

Particulars	**As at March 31, 2019**	**As at March 31, 2018**
Advance to related parties		
Fellow subsidiaries	99,15,28,451	66,78,21,668
Total	**99,15,28,451**	**66,78,21,668**

Particulars	**As at March 31, 2019**	**As at March 31, 2018**
Due to related parties		
Parent company	8,88,80,83,735	8,13,21,02,392
Fellow subsidiaries	10,68,65,521	6,90,01,304
Total	**8,99,49,49,256**	**8,20,11,03,696**

2.23 The previous year's figures have been regrouped and reclassified wherever necessary.

For Shridhar & Associates Firm Registration No. 134427W Chartered Accountants	**For and on behalf of the Board**	
Jitendra Sawjiany Partner Membership No : 050980	**Andrew Goldie** Director	**B. K. Sinha** Director
Place: Mumbai Date: 22nd May 2019	Place: Date: 21st May 2019	Place: Date: 21st May 2019

Independent Auditors' Report

To the Board of Directors of Reliance FLAG Atlantic France SAS

Report on the Ind AS Financial Statements

Opinion

We have audited the accompanying standalone Ind AS financial statements of **Reliance FLAG Atlantic France SAS** ("the Company"), which comprise the Balance Sheet as at 31st March, 2019, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the 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 standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the state of affairs of the Company as at 31st March, 2019, and its profit/loss (including total comprehensive income), its cash flows and the change in equity for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013 ("the Act"). Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Ind AS 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 together with the ethical requirements that are relevant to our audit of the Ind AS financial statements 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 Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter

We draw your attention to note 2.08 of the notes to the financial statements where the company has negative net worth amounting to INR 18,55,19,21,856 for the year 2019 and INR 9,88,29,37,560 for the year 2018. The financial statements are prepared under going concern assumption since the immediate parent company (Reliance Globalcom Limited, Bermuda) will continue to support the company in meeting its liabilities as they fall due within the coming 12 months.

The Reliance Globalcom Limited, Bermuda has confirmed its intention to continue to support the company for at least 12 months from the date of approval of these financial statements, by providing sufficient funds to enable it to meet its liabilities and obligations as they fall due. On this basis, the directors have concluded that it remains appropriate to prepare the financial statements on the going concern.

Our opinion is not qualifying in this matter.

Information Other than the Standalone Financial Statements and auditor's Report Thereon

Our opinion on the Ind AS 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 standalone Ind AS financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Ind AS financial statements or our knowledge obtained in the 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.

This report is issued for the information and use of the Board of directors of the Company and of Reliance Communications Limited, the holding company in India to comply with the financial reporting requirements in India and should not be used for any other purposes without our prior written consent.

Management's Responsibility for the Ind AS financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards ('Ind AS'), prescribed under section 133 of the Companies Act, 2013 ("the Act") read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015, the Companies (Indian Accounting Standards) Amendment Rules, 2016 and other provisions of the Act, to the extent notified and applicable as well as applicable guidance notes and pronouncements of the Institute of Chartered Accountants of India (the ICAI).

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 standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Audit of the Ind AS Financial Statements

Our responsibility is to express an opinion on these standalone Ind AS financial statements based on our audit.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the standalone Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the company has in place and adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the standalone Ind AS financial statements.

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.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone Ind AS financial statements.

For Shridhar& Associates
Chartered Accountants
Firm Registration No.134427W

Jitendra Sawjiany
Partner
Membership No.050980

Place: Mumbai
Date: 22nd May 2019

Reliance FLAG Atlantic France SAS
Balance Sheet as at March 31, 2019

Amount in ₹

Particulars	Note	As at March 31, 2019	As at March 31, 2018
ASSETS			
Non-current assets			
Property, plant and equipment	2.01	1,59,94,26,314	1,45,27,97,601
Other intangible assets	2.02	10,85,46,805	2,30,54,878
Financial assets			
Other Financial assets	2.03	9,80,30,722	-
Income tax asset (net)	2.04	-	64,49,024
Total Non-current assets		1,80,60,03,841	1,48,23,01,503
Current assets			
Financial assets			
Trade receivables	2.05	38,49,48,485	7,72,70,00,776
Cash and cash equivalents	2.06	7,25,417	83,17,305
Other Financial assets	2.03	42,81,126	57,55,081
Other Current assets	2.07	15,54,71,374	9,36,71,795
Total Current assets		54,54,26,402	7,83,47,44,957
Total Assets		2,35,14,30,243	9,31,70,46,460
EQUITY AND LIABILITIES			
Equity			
Share capital	2.08	25,64,265	24,16,687
Other equity	2.08	(20,07,20,80,905)	(10,83,56,16,457)
Total equity		(20,06,95,16,640)	(10,83,31,99,770)
LIABILITIES			
Non-current liabilities			
Deferred tax liabilities (net)	2.09	93,26,451	22,23,641
Other Non-current liabilities	2.10	83,41,04,048	1,16,97,75,442
Total Non-current liabilities		84,34,30,499	1,17,19,99,083
Current liabilities			
Financial liabilities			
Trade payables	2.11	22,45,55,369	33,72,20,773
Other Financial liabilities	2.12	21,22,11,85,694	18,28,62,74,965
Income tax liabilities (net)	2.13	4,99,23,118	-
Other Current liabilities	2.14	8,18,52,203	35,47,51,409
Total Current liabilities		21,57,75,16,384	18,97,82,47,147
Total Liabilities		22,42,09,46,883	20,15,02,46,230
Total Equity and Liabilities		2,35,14,30,243	9,31,70,46,460
General Information	1.01		
Significant Accounting Policies	1.02		
Notes to the Financial Statements	2		

The accompanying notes form an integral part of the financial statements

As per our report of even date attached

For Shridhar & Associates
Chartered Accountants
Firm Registration No. 134427W

For Reliance Flag Atlantic France SAS

Jitendra Sawjiany
Partner
Membership No : 050980

Janet Troxell
Director

Place: Mumbai
Date: 22nd May 2019

Place:
Date: 21st May 2019

Reliance FLAG Atlantic France SAS
Statement of Profit and loss for the year ended March 31, 2019

Amount in ₹

Particulars	Note	For the year ended March 31, 2019	For the year ended March 31, 2018
INCOME			
Revenue from operations	**2.15**	**1,49,94,03,866**	2,27,67,07,736
Other income	**2.16**	**3,05,32,301**	86,58,712
Total Income		**1,52,99,36,167**	2,28,53,66,448
EXPENSES			
Network operation expenses	**2.17**	**1,20,70,72,785**	2,00,29,51,085
Employee benefits expense	**2.18**	**6,81,07,904**	6,27,70,416
Finance costs	**2.19**	**20,79,485**	-
Depreciation and amortization expense	**2.20**	**10,20,08,025**	8,51,18,939
Other expenses	**2.21**	**8,70,86,09,911**	2,61,18,195
Total Expenses		**10,08,78,78,110**	2,17,69,58,635
Profit / (Loss) before tax		**(8,55,79,41,943)**	10,84,07,813
Tax Expense			
-Current Tax		**10,41,46,244**	4,16,05,637
-Deferred Tax		**70,43,687**	(6,72,28,456)
Profit / (Loss) after tax		**(8,66,91,31,874)**	13,40,30,632
Other comprehensive income			
Items that may be subsequently reclassified to statement of profit or loss			
Currency translation		**(56,73,32,574)**	(5,31,92,398)
Total other comprehensive income for the year		**(56,73,32,574)**	(5,31,92,398)
Total comprehensive income for the year		**(9,23,64,64,448)**	8,08,38,234
Earnings / (Loss) per equity share	**2.23**		
(1) Basic		**(34,67,652.75)**	53,612.25
(2) Diluted		**(34,67,652.75)**	53,612.25
General Information	**1.01**		
Significant Accounting Policies	**1.02**		
Notes to the Financial Statements	**2**		

The accompanying notes form an integral part of the financial statements

As per our report of even date attached

For Shridhar & Associates
Chartered Accountants
Firm Registration No. 134427W

Jitendra Sawjiany
Partner
Membership No : 050980

Place: Mumbai
Date: 22nd May 2019

For Reliance Flag Atlantic France SAS

Janet Troxell
Director

Place:
Date: 21st May 2019

Reliance FLAG Atlantic France SAS
Statement of Cash flows for the year ended March 31, 2019

Amount in ₹

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
A) CASH FLOW FROM OPERATING ACTIVITIES:		
Profit / (Loss) before Tax	**(8,55,79,41,943)**	10,84,07,813
Adjustments for:		
Depreciation and amortisation expense	**10,20,08,025**	8,51,18,939
Foreign Currency Translation and exchange movement (net)	**(65,57,47,374)**	(6,15,09,896)
	(9,11,16,81,292)	13,20,16,856
Changes in working capital		
Decrease / (Increase) in other non-current assets	**-**	9,67,108
Decrease / (Increase) in trade receivables	**7,34,20,52,291**	(2,02,95,80,956)
Decrease / (Increase) in other financial assets	**(9,65,56,767)**	(43,96,507)
Decrease / (Increase) in other current assets	**(6,17,99,579)**	36,59,048
Increase / (Decrease) in other non-current liabilities	**(33,56,71,394)**	(14,07,78,070)
Increase / (Decrease) in trade payables	**(11,26,65,404)**	3,69,94,649
Increase / (Decrease) in other financial liabilities	**2,93,49,10,729**	2,40,33,93,418
Increase / (Decrease) in other current liabilities	**(27,28,99,206)**	(14,22,60,681)
Cash generated from / (used in) operations	**28,56,89,378**	26,00,14,865
Income Taxes (Paid)/Refund	**(4,77,14,979)**	(2,94,81,371)
Net cash generated from / (used in) operating activities (A)	**23,79,74,399**	23,05,33,494
B) CASH FLOW FROM INVESTING ACTIVITIES:		
Purchase of property, plant and equipment and intangible assets (including capital work-in-progress)	**(24,55,66,287)**	(23,98,69,023)
Net cash generated from / (used in) investing activities (B)	**(24,55,66,287)**	(23,98,69,023)
C) CASH FLOW FROM FINANCING ACTIVITIES:		
Net cash generated from / (used in) financing activities (C)	**-**	-
Net Increase/ (Decrease) in Cash and cash equivalents (A+B+C)	**(75,91,888)**	(93,35,529)
Cash and cash equivalents at the beginning of the year	**83,17,305**	1,76,52,834
Cash and cash equivalents at the end of the year (refer note 2.06)	**7,25,417**	83,17,305

As per our report of even date attached

For Shridhar & Associates
Chartered Accountants
Firm Registration No. 134427W

Jitendra Sawjiany
Partner
Membership No : 050980

Place: Mumbai
Date: 22nd May 2019

For Reliance Flag Atlantic France SAS

Janet Troxell
Director

Place:
Date: 21st May 2019

Reliance FLAG Atlantic France SAS
Statement of changes in equity for the year ended March 31, 2019

Amount in ₹

Particulars	Equity	Other equity			
	Share capital	Reserves and Surplus	Other Comprehensive Income	Total Other Equity	Total equity
		Retained Earnings	Foreign Exchange Translation Reserve*		
Balance as at April 1, 2017	24,04,636	(10,01,93,84,879)	(89,70,69,812)	(10,91,64,54,691)	**(10,91,40,50,055)**
Net Profit / (Loss) for the year	-	13,40,30,632	-	13,40,30,632	**13,40,30,632**
Foreign Exchange Movement	12,051	-	-	-	**12,051**
Currency translation	-	-	(5,31,92,398)	(5,31,92,398)	**(5,31,92,398)**
Balance as at March 31, 2018	**24,16,687**	**(9,88,53,54,247)**	**(95,02,62,210)**	**(10,83,56,16,457)**	**(10,83,31,99,770)**
Net Profit / (Loss) for the year	-	(8,66,91,31,874)	-	(8,66,91,31,874)	**(8,66,91,31,874)**
Foreign Exchange Movement	1,47,578	-	-	-	**1,47,578**
Currency translation	-	-	(56,73,32,574)	(56,73,32,574)	**(56,73,32,574)**
Balance as at March 31, 2019	**25,64,265**	**(18,55,44,86,121)**	**(1,51,75,94,784)**	**(20,07,20,80,905)**	**(20,06,95,16,640)**

***Foreign Exchange Translation Reserve: Exchange differences on translating the financial statements**

As per our report of even date attached

For Shridhar & Associates
Chartered Accountants
Firm Registration No. 134427W

Jitendra Sawjiany
Partner
Membership No : 050980

Place: Mumbai
Date: 22nd May 2019

For Reliance Flag Atlantic France SAS

Janet Troxell
Director

Place:
Date: 21st May 2019

Notes forming part of the Financial Statements for the year ended March 31, 2019

1.01 General Information

The principal activities of Reliance Flag Atlantic France SAS (the "Company") are, both in France and abroad is licensing, developing and managing systems and telecommunication networks. The company operates a submarine cable comprised of advanced fiber-optic cable systems over a transatlantic telecommunication link between Europe and the United States.

1.02 SIGNIFICANT ACCOUNTING POLICIES

a) Basis of Preparation of Financial Statements

The financial statements are prepared under historical cost convention in accordance with generally accepted accounting principles (GAAP) in India and in compliance with the Indian Accounting Standards (Ind AS) specified under section 133 to the Companies Act, 2013 read with Companies (Indian Accounting Standard) Rules, 2015 as notified/ amended by Ministry of Corporate Affairs, Government of India.

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle. Based on the nature of the services and their realization in cash and cash equivalents, the Company has ascertained its operating cycle as twelve months for the purpose of current – non-current classification of assets and liabilities.

Financial Statements have been prepared on a going concern basis and financial support as may be required, shall be extended by associates and / or parent company.

The Company has applied the following standards and amendments for the first time for their annual reporting period commencing April 1, 2018:

- Ind AS 115 Revenue from Contracts with Customers
- Amendment to Ind AS 21- Foreign Currency Transactions and Advance Consideration

The adoption of the above new standards, amendment and interpretation did not have material impact on these financial statements. There are no other Ind AS amendments that are effective that would be expected to have a material impact on the Company's Financial Statements.

Standards and amendments issued and not yet effective
The following standards and amendments, which were in issue but not yet effective and have not been early adopted by the Company.

Ind AS 116 - Leases

Ind AS 116 is applicable from annual periods beginning on or after April 1, 2019. It will replace previous lease standard Ind AS 17. Ind AS 116 sets out the principles for recognition, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to accounting for finance leases under Ind AS 17. The standard includes two recognition exemption for leases: leases of 'low-value' assets and short-term leases. At the commencement date of a lease, a lessee will recognise a liabilityto make lease payments and an asset representing right to use the underlying asset during the lease term. Lessor accounting under Ind AS 16 is substantially unchanged from today's accounting under Ind AS 17.

Appendix C to Ind AS 112 -'Uncertainty over Income tax treatments'

This Appendix explains how to recognize and measure deferred and current tax assets and liabilities where there is uncertainty over a tax treatment. It provides a framework to consider, recognize and measure the accounting impact of tax uncertainties. This Appendix is applicable for annual periods beginning on or after April 1, 2019.

The company is evaluating the impact of the new standard and amendment on the financial position and results of operation. There are no other standards that are not yet effective and that would be expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions

b) Foreign Currency

i) Foreign Currency Transactions

Initial Recognition

On initial recognition, all foreign currency transactions are recorded by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

Subsequent Recognition

As at the reporting date, non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction. All non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined. All monetary assets and liabilities in foreign currency are restated at the end of accounting period. The resulting foreign exchange gains and losses are recognized in the Statement of Profit and loss on a net basis.

ii) Translation into Presentation Currency

The financial statements are translated into presentation currency which is Indian Rupees. Foreign exchange gains and losses resulting from translation into presentation currency are recognized in Other Comprehensive Income

c) Property, plant and equipment

Recognition and measurement

Property, plant and equipment consists of network assets, leasehold improvements, computers and office equipment, vehicles, furniture and fittings.
Property, plant and equipment are stated at cost, net of accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the assets.

Subsequent expenditure

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the Statement of Profit and Loss during the financial period in which they are incurred.

Depreciation

Depreciation on all assets is calculated so as to write-down the cost of property, plant and equipment to its residual value over its estimated useful life. Estimated useful lives, residual values and depreciation methods are reviewed annually, taking into account commercial and technological obsolescence as well as normal wear and tear.

Depreciation is recorded on a straight-line basis over the estimated useful lives of the property, plant and equipment as follows:

Network assets..the shorter of 15 to 25 years or remaining useful lives
Leasehold improvements................................over the period of lease
Computers and office equipment....................3 to 6 years
Vehicles……………………………………….5 years
Furniture and fittings…...................................3 to 7 years

The estimated useful lives of network assets are determined based on the estimated period over which they will generate revenue. Depreciation on any capitalisation due to modifications, improvements of the assets is restricted to the remaining useful life of the fixed asset.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in statement of profit or loss.

Capital work in Progress

Costs incurred prior to the capital project's completion are reflected as capital-work-in-progress, which is transferred to property, plant and equipment at the date the project is complete. Capital-work-in-progress is stated at cost.

d) Intangible Assets

Indefeasible Right of Use (IRU)

IRU are amortised over their estimated useful lives of 5 to 25 years on straight line basis. The estimated useful life of IRUs is based on the contractual terms of the respective contracts.

Intangible Assets under Development

Intangible assets not ready for the intended use on the date of the Balance Sheet are disclosed as "intangible assets under development".

e) Impairment of Non-Financial assets

Non - Financial assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non- financial assets that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

f) Financial Instruments

Financial instruments are recognised when the Company becomes a party to the contractual provisions of the instrument.

(a) Investments and other Financial Assets

(I) Classification
The Company classifies its financial assets in the following measurement categories:

a) those to be measured subsequently at fair value (either through other comprehensive income, or through Statement of profit and loss); and
b) those to be measured at amortised cost.

The classification depends on the Company's business model for managing the financial assets and the contractual terms of the cash flows.
For assets measured at fair value, gains and losses will either be recorded in Statement of profit and loss or other comprehensive income ('OCI').

(II) Measurement

At initial recognition, the Company measures a financial asset at its fair value. Transaction costs of financial assets carried at fair value through the statement of profit and loss are expensed in the statement of profit and loss.

(III) Derecognition of financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the assets expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of the transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

(IV) Impairment of financial assets

The Company recognizes loss allowances using the expected credit loss (ECL) model for the financial assets which are not fair valued through profit or loss. Loss allowance for trade receivables with no significant financing component is measured at an amount equal to lifetime ECL. For all other financial assets, expected credit losses are measured at an amount equal to the 12-month ECL, unless there has been a significant increase in credit risk from initial recognition in which case those are measured at lifetime ECL. The amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognised as an impairment gain or loss in statement of profit or loss.

(b) Financial Liabilities
The Company determines the classification of its financial liabilities at initial recognition.

(I) Classification
The financial liabilities are classified in the following measurement categories:

a) those to be measured as financial liabilities at fair value through profit or loss,
b) those to be measured at amortised cost.

(II) Initial recognition and measurement

Financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. Financial liabilities are initially measured at the amortised cost unless at initial recognition, they are classified as fair value through profit and loss.

(III) Subsequent measurement

Financial liabilities are subsequently measured at amortised cost using the effective interest rate method. Financial liabilities carried at fair value through profit or loss are measured at fair value with all changes in fair value recognised in the statement of profit and loss.

(IV) Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the Statement of profit and loss.

g) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counter party.

h) Trade receivables

Trade receivables are amounts due from customers for services performed in the ordinary course of business. If collection is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at fair value. They are subsequently measured at amortised cost (net of allowance for impairment) using the effective interest method, if the effect of discounting is considered material.

i) Cash and Cash Equivalents

In the statement of cash flows, cash and cash equivalents include cash in hand, demand deposits with banks, other short-term highly liquid investments with original maturities of three months or less and that are readily convertible to known amount of cash and cash equivalent and bank overdrafts.

j) Share Capital

Ordinary Common Shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

k) Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified under current liabilities if payment is due within one year or less. If not, they are presented under non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using effective interest rate method.

l) Provisions and Contingent Liabilities

Provisions are recognised when there is a present legal or constructive obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and there is a reliable estimate of the amount of the obligation. Provisions are measured at the best estimate of the expenditure required to settle the present obligation at the Balance Sheet date and are not discounted to its present value.

Contingent Liabilities: Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made.

m) Current and deferred Tax

Tax expense for the period, comprising current tax and deferred tax, are included in the determination of the net profit or loss for the period. Current tax is measured at the amount expected to be paid to the tax authorities in accordance with the taxation laws prevailing in the respective jurisdictions.

Deferred tax is recognized, using the liability method, for all the temporary differences, subject to the consideration of prudence in respect of deferred tax assets. Deferred tax assets are recognised and carried forward only to the extent that it is probable that sufficient future taxable income will be available against which such deferred tax assets can be realised. However, where there is unabsorbed depreciation or carry forward loss, the deferred tax asset is recognised and carried forward only to the extent that it is probable that the assets will be realised in future. Deferred tax assets and liabilities are measured using the tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date. At each Balance Sheet date, the Company re-assesses unrecognised deferred tax asset if any.

Current tax assets and current tax liabilities are offset when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle the asset and the liability on a net basis. Deferred tax assets and deferred tax liabilities are offset when there is a legally enforceable right to set off assets against liabilities representing current tax and where the deferred tax assets and the deferred tax liabilities relate to taxes on income levied by the same governing taxation laws.

n) Revenue Recognition

The Company has adopted Ind AS 115 Revenue from Contracts with Customers with a date of initial application of April 1, 2018. As a result, the Group has updated its accounting policy for revenue recognition as detailed below.

The Company has applied Ind AS 115 using the cumulative effect method and therefore the comparative information has not been restated and continues to be reported under Ind AS 18 .

Company recognizes revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and when specific criteria have been met for Company's activities as described below. Revenue is measured at the fair value of the consideration receivable and represents amount receivable for services rendered, net of taxes, expected variable consideration, price reductions and rebates. The company uses expected value method or most likely amount method to estimate the amount of variable consideration.

Where the contracts include multiple performance obligations, the transaction price will be allocated to each performance obligation based on the stand- alone selling prices. Where these are not directly observable, they are estimated based on market assessment approach.

Indefeasible Right of Use

The Company sells Right of Use (ROU) that provide customers with network capacity, typically over a 10 to 15 year period without transferring the legal title or giving an option to purchase the network capacity. Revenue from cancellable ROU arrangements are accounted as operating lease and recognized over the life of the contract.

Internet Protocol Services

The Company recognises internet protocol revenue over the term of the contract. Fees related to activation of services are deferred and recognised over the expected term of the related service agreement.

International Private Leased Circuits

International Private Leased Circuits include lease capacity services and restoration service for other network operators. The customer typically pays the charges for these services periodically over the life of the contract, which may be up to three years. Revenue is recognized in the Company's Statement of Profit and Loss over the term of the contract.

Operations and Maintenance Services

The Company provides operation and maintenance services over the life of the capacity contract, for which the Company receives Operation and Maintenance charges. Operation and maintenance charges are invoiced separately from capacity sales. Revenues relating to maintenance are recognized over the period in which the service is provided.

Network service revenue/expense

Transfer pricing is based on provisions contained in Organization for Economic Co-operation & Development (the OECD guidelines).

o) Deferred Revenue

Deferred Revenue represents income billed in accordance with the contract but not recognised in Statement of Profit and Loss as at the Balance Sheet date. Deferred Revenue net of the amount recognizable beyond one year is disclosed as unearned income in non-current liabilities and the amount recognizable within one year is disclosed as deferred revenue in current liabilities.

p) Accrued Income

Where the services are performed prior to billing, unbilled debtors is recognized in other current assets.

q) Employee Benefits

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the Balance Sheet.

Eligible employees of the company are covered by defined contribution pension plan. Contribution to the plan is generally based on each employee's eligible compensation and years of service and is based on the local regulations. The schemes are funded through payments to insurance companies as defined contribution plans. In some defined contribution retirement plan, eligible employees may contribute amounts to the plan, via payroll withholding, subject to certain limitations.

r) Use of Estimates

The presentation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of Balance Sheet and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognized in the year in which the results are known / materialized.

s) Earnings Per Share

i) Basic earnings per share

Basic earnings per share is calculated by dividing:
- the profit attributable to owners of the company
- by the weighted average number of equity shares outstanding during the financial year, adjusted for bonus elements in equity shares issued during the year.

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:
- the after income tax effect of interest and other financing costs associated with dilutive potential equity shares, and
- the weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

2.01 Property, Plant and Equipments

Amount in ₹

Particulars	Network Assets	Leasehold Improvement	Total
Gross carrying value			
As at April 1, 2018	2,58,80,26,382	1,52,44,799	2,60,32,71,181
Additions	15,47,85,148	-	15,47,85,148
Deductions	(1,09,661)	-	(1,09,661)
Currency translation difference	15,63,57,786	9,30,944	15,72,88,730
As at March 31, 2019	**2,89,90,59,655**	**1,61,75,743**	**2,91,52,35,398**
Accumulated depreciation			
As at April 1, 2018	1,13,52,28,781	1,52,44,799	1,15,04,73,580
Depreciation for the year	9,61,26,558	-	9,61,26,558
Currency translation difference	6,82,78,002	9,30,944	6,92,08,946
As at March 31, 2019	**1,29,96,33,341**	**1,61,75,743**	**1,31,58,09,084**
Closing net carrying value as at March 31, 2019	**1,59,94,26,314**	**-**	**1,59,94,26,314**
Gross carrying value as at March 31, 2019	2,89,90,59,655	1,61,75,743	2,91,52,35,398
Accumulated depreciation	1,29,96,33,341	1,61,75,743	1,31,58,09,084
Closing net carrying value as at March 31, 2019	**1,59,94,26,314**	**-**	**1,59,94,26,314**

Particulars	Network Assets	Leasehold Improvement	Total
Gross carrying value			
As at April 1, 2017	2,33,45,44,736	1,51,68,779	2,34,97,13,515
Additions	23,90,77,526	-	23,90,77,526
Currency translation difference	1,44,04,120	76,020	1,44,80,140
As at March 31, 2018	**2,58,80,26,382**	**1,52,44,799**	**2,60,32,71,181**
Accumulated depreciation			
As at April 1, 2017	1,04,68,59,145	1,51,68,779	1,06,20,27,924
Depreciation for the year	8,21,93,479	-	8,21,93,479
Currency translation difference	61,76,157	76,020	62,52,177
As at March 31, 2018	**1,13,52,28,781**	**1,52,44,799**	**1,15,04,73,580**
Closing net carrying value as at March 31, 2018	**1,45,27,97,601**	**-**	**1,45,27,97,601**
Gross carrying value as at March 31, 2018	2,58,80,26,382	1,52,44,799	2,60,32,71,181
Accumulated depreciation	1,13,52,28,781	1,52,44,799	1,15,04,73,580
Closing net carrying value as at March 31, 2018	**1,45,27,97,601**	**-**	**1,45,27,97,601**

2.02 Other intangible assets

Amount in ₹

Particulars	Indefeasible Right of Use	Total
Gross carrying value		
As at April 1, 2018	4,47,00,492	4,47,00,492
Additions	9,08,90,800	9,08,90,800
Currency translation difference	17,40,396	17,40,396
As at March 31, 2019	**13,73,31,688**	**13,73,31,688**
Accumulated amortisation		
As at April 1, 2018	2,16,45,614	2,16,45,614
Amortisation for the year	58,81,467	58,81,467
Currency translation difference	12,57,802	12,57,802
As at March 31, 2019	**2,87,84,883**	**2,87,84,883**
Closing net carrying value as at March 31, 2019	**10,85,46,805**	**10,85,46,805**
Gross carrying value as at March 31, 2019	13,73,31,688	13,73,31,688
Accumulated amortisation	2,87,84,883	2,87,84,883
Closing net carrying value as at March 31, 2019	**10,85,46,805**	**10,85,46,805**

Particulars	Indefeasible Right of Use	Total
Gross carrying value		
As at April 1, 2017	4,36,81,132	4,36,81,132
Additions	7,91,496	7,91,496
Currency translation difference	2,27,864	2,27,864
As at March 31, 2018	**4,47,00,492**	**4,47,00,492**
Accumulated amortisation		
As at April 1, 2017	1,85,93,877	1,85,93,877
Amortisation for the year	29,25,460	29,25,460
Currency translation difference	1,26,277	1,26,277
As at March 31, 2018	**2,16,45,614**	**2,16,45,614**
Closing net carrying value as at March 31, 2018	**2,30,54,878**	**2,30,54,878**
Gross carrying value as at March 31, 2018	4,47,00,492	4,47,00,492
Accumulated amortisation	2,16,45,614	2,16,45,614
Closing net carrying value as at March 31, 2018	**2,30,54,878**	**2,30,54,878**

Reliance FLAG Atlantic France SAS
Notes forming part of the Financial Statements for the year ended March 31, 2019

	Particulars	As at March 31, 2019	Amount in ₹ As at March 31, 2018
2.03	**Other financial Assets**		
	Non-current		
	Deposits with Bank	**9,80,30,722**	-
	Total	**9,80,30,722**	**-**
	Current		
	Advances to related parties	**42,81,126**	57,55,081
	Total	**42,81,126**	57,55,081
2.04	**Income tax asset (net)**		
	Non-current		
	Income tax asset	**-**	64,49,024
	Total	**-**	64,49,024
2.05	**Trade receivables**		
	Unsecured		
	Considered Good	**38,49,48,485**	7,72,70,00,776
	Considered Doubtful	**8,59,43,34,096**	-
		8,97,92,82,581	7,72,70,00,776
	Less: Impairment of trade receivables*	**8,59,43,34,096**	-
	Total	**38,49,48,485**	7,72,70,00,776

***Impairment of trade receivables is created for receivables of Rcom and its subsidiaries**

	Particulars	As at March 31, 2019	As at March 31, 2018
2.06	**Cash and cash equivalents**		
	Balance with banks		
	- Current accounts	**7,25,417**	83,17,305
	Total	**7,25,417**	83,17,305
2.07	**Other Current assets**		
	Prepaid expenses	**2,55,59,736**	2,56,36,474
	Advance for supply of goods and rendering of services	**3,98,765**	10,56,070
	Balances with Government authorities	**12,95,12,873**	6,69,79,251
	Total	**15,54,71,374**	9,36,71,795

2.08 Equity
Share capital

	As at March 31, 2019	Amount in ₹ As at March 31, 2018
Authorised:		
2,500 (2,500) shares of Euro 16 each	**25,64,265**	24,16,687
Issued, Subscribed and fully paid up:		
2,500 (2,500) shares at par value of Euro 16 each	**25,64,265**	24,16,687
Total	**25,64,265**	24,16,687

i. Movement in share capital

	No. of Shares	Amount in ₹
As at April 1, 2017	**2,500**	24,04,636
Issued during the year	**-**	-
Foreign Exchange Movement	**-**	12,051
As at March 31, 2018	**2,500**	24,16,687
Issued during the year	**-**	-
Foreign Exchange Movement	**-**	1,47,578
As at March 31, 2019	**2,500**	25,64,265

ii. Rights, preferences and restriction attached to the shares

The Company has equity shares having a par value of Euro 16 each. Each holder of shares is entitled to one vote per share. In the event of liquidation of the Company, the holder of shares will be entitled to receive remaining assets of the Company.The distribution will be in proportion to the number of shares held by the shareholder.

iii. Shares of the company held by holding/ultimate holding company

	As at March 31, 2019	As at March 31, 2018
Reliance Globalcom Limited	**2,500**	2,500
	2,500	2,500

iv. Details of shareholders holding more than 5% shares in the Company

		As at March 31, 2019	As at March 31, 2018
Ordinary Shares			
i) Reliance Globalcom Limited			
	No. of Shares	**2,500**	2,500
	Shareholding %	**100**	100

Other equity

	As at March 31, 2019	As at March 31, 2018
a) Reserves and surplus	**(18,55,44,86,121)**	(9,88,53,54,247)
b) Other reserves	**(1,51,75,94,784)**	(95,02,62,210)
Total	**(20,07,20,80,905)**	(10,83,56,16,457)

a) Reserves and surplus
Retained earnings

	As at March 31, 2019	As at March 31, 2018
Opening balance	**(9,88,53,54,247)**	(10,01,93,84,879)
Net Profit / (Loss) for the year	**(8,66,91,31,874)**	13,40,30,632
Closing balance	**(18,55,44,86,121)**	(9,88,53,54,247)

Retained earnings represent the amount of accumulated earnings at each Balance Sheet date, prepared in accordance with the basis of preparation section.

b) Other reserves
Foreign Exchange Translation Reserve

	As at March 31, 2019	As at March 31, 2018
Opening balance	**(95,02,62,210)**	(89,70,69,812)
Currency translation differences during the year	**(56,73,32,574)**	(5,31,92,398)
Closing balance	**(1,51,75,94,784)**	(95,02,62,210)

Reliance FLAG Atlantic France SAS
Notes forming part of the Financial Statements for the year ended March 31, 2019

Amount in ₹

	Particulars	As at March 31, 2019	As at March 31, 2018
2.09	**Deferred tax liabilities (net)**		
	Deferred tax liabilities	**93,26,451**	22,23,641
	Total	**93,26,451**	22,23,641
2.10	**Other Non-current liabilities**		
	Deferred revenue	**83,41,04,048**	1,16,97,75,442
	Total	**83,41,04,048**	1,16,97,75,442
2.11	**Trade payables**		
	Trade payables	**25,35,809**	1,13,57,304
	Trade accruals	**22,20,19,560**	32,58,63,469
	Total	**22,45,55,369**	33,72,20,773
2.12	**Other Financial liabilities**		
	Capital creditors	**4,32,89,679**	2,33,72,110
	Due to related parties	**21,17,78,96,015**	18,26,29,02,855
	Total	**21,22,11,85,694**	18,28,62,74,965
2.13	**Income tax liabilities (net)**		
	Income Tax (Net of Advance Tax)	**4,99,23,118**	-
	Total	**4,99,23,118**	-
2.14	**Other Current liabilities**		
	Employee payables	**28,32,059**	25,61,703
	Statutory liabilities	**16,92,185**	8,06,044
	Deferred revenue	**7,73,27,959**	35,13,83,662
	Total	**8,18,52,203**	35,47,51,409

Reliance FLAG Atlantic France SAS
Notes forming part of the Financial Statements for the year ended March 31, 2019

Amount in ₹

	Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
2.15	**Revenue from operations**		
	Indefeasible right of use	**56,51,72,074**	18,61,61,313
	Lease capacity services	**7,89,59,540**	9,58,29,033
	Operation and maintenance services	**3,42,78,577**	11,76,90,350
	Internet protocol	**82,09,93,675**	1,87,68,16,302
	Restoration services	**-**	2,10,738
	Total	**1,49,94,03,866**	2,27,67,07,736
2.16	**Other income**		
	Gain on foreign exchange fluctuation (net)	**-**	7,56,665
	Provision/ Liabilities written back to the extent no longer required	**2,42,36,862**	73,18,973
	Miscellaneous income	**62,95,439**	5,83,074
	Total	**3,05,32,301**	86,58,712
2.17	**Network operation expenses**		
	Equipment maintenance and support	**89,571**	-
	Marine cable operations	**3,76,448**	-
	Landing stations and point of presence costs	**18,83,28,597**	27,27,79,242
	Terrestrial cable, inland amplifier and regenerator sites	**12,34,04,928**	12,42,56,356
	Local tails	**10,27,16,492**	20,56,034
	Internet protocol	**58,44,497**	41,06,999
	Network Service expense	**78,63,12,252**	1,59,97,52,454
	Total	**1,20,70,72,785**	2,00,29,51,085
2.18	**Employee benefits expense**		
	Salaries, wages and bonus	**6,74,81,358**	6,27,70,416
	Contribution to provident and other funds	**5,62,246**	-
	Staff welfare expenses	**64,300**	-
	Total	**6,81,07,904**	6,27,70,416
2.19	**Finance costs**		
	Interest and financial charges	**20,79,485**	-
	Total	**20,79,485**	**-**
2.20	**Depreciation and amortization expense**		
	Depreciation on Tangible assets	**9,61,26,558**	8,21,93,479
	Amortisation of Intangible assets	**58,81,467**	29,25,460
	Total	**10,20,08,025**	8,51,18,939
2.21	**Other expenses**		
	Allowance for Doubtful Debts	**8,68,89,08,433**	-
	Rates and taxes	**-**	91,19,417
	Legal fees	**16,81,253**	2,49,220
	Professional charges	**64,90,441**	47,51,150
	Licensing and regulatory fees	**31,10,158**	75,74,052
	Travel and entertainment	**17,91,448**	23,99,971
	Communication	**52,824**	27,262
	Payment to auditors	**24,09,307**	17,28,579
	Bank charges	**1,56,559**	2,66,859
	Loss on foreign exchange fluctuation (net)	**38,78,065**	-
	Miscellaneous expense	**1,31,423**	1,685
	Total	**8,70,86,09,911**	2,61,18,195

2.22 Segment Reporting

The RGL Group is being geared to provide the customers with a composite service tailored to their industry or their specific needs like cost optimization or increased speed of reach, which in-turn involves leveraging a combination of the assets and service capabilities of RGL Group. The Group CEO of RGL along with steering committee performs the function of Chief Operating Decision Maker ('CODM'). The RGL Group has a single operating segment, viz. Data Services Business. The Data Services Business of RGL Group provides an integrated service to its global customers.

The CODM reviews the segment results at a combined level for all regions and businesses, when assessing the RGL Group's overall performance and deciding the manner in which to allocate resources.

Further, when a composite service is offered to a customer, while the billing may be done in one jurisdiction the services in-turn would be sought or assets used would be from different legal entities within the RGL Group domiciled in different geographies. Therefore, it is impracticable to meaningfully disclose service revenue by geographical locations.

2.23 Earnings Per Share

Amount in ₹ except number of shares

Particulars		**For the year ended March 31, 2019**	For the year ended March 31, 2018
A	Profit / (Loss) for the year attributable to shareholders	**(8,66,91,31,874)**	13,40,30,632
B	Weighted average number of share of Euro 16 each used as denominator for calculating Basic and Diluted EPS	**2,500**	2,500
C	Basic and Diluted Earnings / (Loss) per Share (A/B)	**(34,67,652.75)**	53,612.25

2.24 Notes to Foreign Currency Translation Reserve

The amounts relating to Balance Sheet items appearing in Indian Rupees have been translated at Closing Rate of 1 USD = ₹ 69.155 (March 31, 2018 1 USD = ₹ 65.175) and items relating to profit and loss have been translated at average rate of 1 USD = ₹ 69.916 (Previous year 1 USD = ₹ 64.446).

The amounts have been converted in INR to comply with the financial reporting requirement in India.

2.25 Related Party Transactions

In accordance with Indian Accounting Standard 24 "Related Party Disclosures" issued by the Institute of Chartered Accountants of India, the company's related parties and transactions are disclosed below which are in ordinary course of business and at arms' length basis:

Reliance FLAG Atlantic France SAS

Notes forming part of the Financial Statements for the year ended March 31, 2019

List of related parties:

(a) Parent company

i. Reliance Communications Limited
ii. Reliance Globalcom Limited

(b) Enterprises as affiliated companies are:

i. Reliance Communications Limited
ii. Reliance Communications Inc
iii. Reliance Communications (HK) Limited
iv. Reliance Communications (UK) Limited
v. FLAG Telecom Japan Limited
vi. FLAG Telecom Ireland Network DAC
vii. FLAG Atlantic UK Limited
viii. Reliance Globalcom Limited
ix. FLAG Telecom Taiwan Limited
x. FLAG Telecom Espana Network SAU
xi. FLAG Telecom Network USA Limited
xii. FLAG Telecom Nederland BV
xiii. FLAG Telecom Hellas AE

Amount in ₹

(c) Sales of services

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Service Revenue		
Parent company	1,23,43,29,981	2,14,06,26,019
Fellow subsidiaries	24,78,35,519	12,01,92,025
Total	**1,48,21,65,500**	**2,26,08,18,044**

Sales of services are negotiated with related parties on a cost-plus basis and are determined on the basis of market price.

(d) Purchases of services

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Network Operating Expenses		
Parent company	78,63,12,252	1,59,97,52,454
Fellow subsidiaries	-	-
Total	**78,63,12,252**	**1,59,97,52,454**

Purchases of services are negotiated with related parties on a cost-plus basis and are determined on the basis of market price.

Reliance FLAG Atlantic France SAS

Notes forming part of the Financial Statements for the year ended March 31, 2019

(e) Year-end balances arising from sales/purchases of services

Amount in ₹

Particulars	As at March 31, 2019	As at March 31, 2018
Trade Receivables		
Parent company	8,15,48,41,035	6,94,82,78,463
Fellow subsidiaries	80,78,44,346	77,87,22,313
	8,96,26,85,381	7,72,70,00,776
Less : Impairment of trade receivables*	(8,59,43,34,096)	-
Total	**36,83,51,285**	**7,72,70,00,776**

***Impairment of trade receivables is created for receivables of Rcom and its subsidiaries**

Particulars	As at March 31, 2019	As at March 31, 2018
Advance to related parties		
Parent company	-	-
Fellow subsidiaries	42,81,126	57,55,081
Total	**42,81,126**	**57,55,081**

Particulars	As at March 31, 2019	As at March 31, 2018
Due to related parties		
Parent company	21,06,24,70,983	18,24,16,65,233
Fellow subsidiaries	11,54,25,032	2,12,37,622
Total	**21,17,78,96,015**	**18,26,29,02,855**

2.26 The previous year's figures have been regrouped and reclassified wherever necessary

For Shridhar & Associates	**For Reliance Flag Atlantic France SAS**
Chartered Accountants	
Firm Registration No. 134427W	
Jitendra Sawjiany	**Janet Troxell**
Partner	Director
Membership No : 050980	
Place: Mumbai	Place:
Date: 22nd May 2019	Date: 21st May 2019

Independent Auditors' Report

To the Board of Directors of FLAG Telecom Nederland BV

Report on the Ind AS Financial Statements

Opinion

We have audited the accompanying standalone Ind AS financial statements of **FLAG Telecom Nederland BV** ("the Company"), which comprise the Balance Sheet as at 31st March, 2019, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the 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 standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the state of affairs of the Company as at 31st March, 2019, and its profit/loss (including total comprehensive income), its cash flows and the change in equity for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013 ("the Act"). Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Ind AS 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 together with the ethical requirements that are relevant to our audit of the Ind AS financial statements 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 Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter

We draw your attention to note 2.03 of the notes to the financial statements where the company has negative net worth amounting to INR 1,87,03,339 for the year 2019 and INR 1,88,07,522 for the year 2018 (excluding loss on account of FCTR). The financial statements are prepared under going concern assumption since the immediate parent company (Reliance Globalcom Limited, Bermuda) will continue to support the company in meeting its liabilities as they fall due within the coming 12 months.

The Reliance Globalcom Limited, Bermuda has confirmed its intention to continue to support the company for at least 12 months from the date of approval of these financial statements, by providing sufficient funds to enable it to meet its liabilities and obligations as they fall due. On this basis, the directors have concluded that it remains appropriate to prepare the financial statements on the going concern.

Our opinion is not qualifying in this matter.

Information Other than the Standalone Financial Statements and auditor's Report Thereon

Our opinion on the Ind AS 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 standalone Ind AS financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Ind AS financial statements or our knowledge obtained in the 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.

This report is issued for the information and use of the Board of directors of the Company and of Reliance Communications Limited, the holding company in India to comply with the financial reporting requirements in India and should not be used for any other purposes without our prior written consent.

Management's Responsibility for the Ind AS financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards ('Ind AS' prescribed under section 133 of the Companies Act, 2013 ("the Act") read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015, the Companies (Indian Accounting Standards) Amendment Rules, 2016 and other provisions of the Act, to the extent notified and applicable as well as applicable guidance notes and pronouncements of the Institute of Chartered Accountants of India (the ICAI).

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 standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Audit of the Ind AS Financial Statements

Our responsibility is to express an opinion on these standalone Ind AS financial statements based on our audit.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the standalone Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the company has in place and adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the standalone Ind AS financial statements.

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.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone Ind AS financial statements.

For Shridhar& Associates
Chartered Accountants
Firm Registration No.134427W

Jitendra Sawjiany
Partner
Membership No.050980

Place: Mumbai
Date: 22nd May 2019

Flag Telecom Nederland BV
Balance Sheet as at March 31, 2019

Amount in ₹

Particulars	Note	As at March 31, 2019	As at March 31, 2018
ASSETS			
Non-current assets			
Income tax asset (net)	2.01	1,49,701	1,41,085
Total Non-current assets		1,49,701	1,41,085
Current assets			
Financial assets			
Other Financial assets	2.02	97,16,553	73,56,823
Total Current assets		97,16,553	73,56,823
Total Assets		98,66,254	74,97,908
EQUITY AND LIABILITIES			
Equity			
Equity share capital	2.03	10,56,827	9,96,005
Other equity	2.03	(2,51,62,120)	(2,37,54,415)
Total equity		(2,41,05,293)	(2,27,58,410)
LIABILITIES			
Current liabilities			
Financial liabilities			
Trade payables	2.04	6,90,014	5,69,507
Other Financial liabilities	2.05	3,32,81,533	2,96,86,811
Total Current liabilities		3,39,71,547	3,02,56,318
Total Liabilities		3,39,71,547	3,02,56,318
Total Equity and Liabilities		98,66,254	74,97,908
General Information	1.01		
Significant Accounting Policies	1.02		
Notes to the Financial Statements	2		

The accompanying notes form an integral part of the financial statements

As per our report of even date attached

For Shridhar & Associates
Chartered Accountants
Firm Registration No. 134427W

Jitendra Sawjiany
Partner
Membership No : 050980

Place: Mumbai
Date: 22nd May 2019

For Flag Telecom Nederland BV

Andrew Goldie
Director

Place:
Date: 21st May 2019

Flag Telecom Nederland BV
Statement of Profit and loss for the year ended March 31, 2019

Amount in ₹

Particulars	Note	For the year ended March 31, 2019	For the year ended March 31, 2018
INCOME			
Revenue from operations	**2.06**	**19,31,499**	19,84,530
Other income	**2.07**	**17,636**	-
Total Income		**19,49,135**	19,84,530
EXPENSES			
Other expenses	**2.08**	**19,05,774**	25,89,178
Total Expenses		**19,05,774**	25,89,178
Profit / (Loss) before tax		**43,361**	(6,04,648)
Tax Expense			
-Current Tax		**-**	-
Profit / (Loss) after tax		**43,361**	(6,04,648)
Other comprehensive income			
Items that may be subsequently reclassified to statement of profit or loss			
Currency translation		**(14,51,066)**	(1,22,244)
Total other comprehensive income for the year		**(14,51,066)**	(1,22,244)
Total comprehensive income for the year		**(14,07,705)**	(7,26,892)
Earnings / (Loss) per equity share :	**2.10**		
(1) Basic		**240.89**	(3,359.16)
(2) Diluted		**240.89**	(3,359.16)
General Information	**1.01**		
Significant Accounting Policies	**1.02**		
Notes to the Financial Statements	**2**		

The accompanying notes form an integral part of the financial statements

As per our report of even date attached

For Shridhar & Associates
Chartered Accountants
Firm Registration No. 134427W

For Flag Telecom Nederland BV

Jitendra Sawjiany
Partner
Membership No : 050980

Place: Mumbai
Date: 22nd May 2019

Andrew Goldie
Director

Place:
Date: 21st May 2019

Flag Telecom Nederland BV
Statement of Cash flows for the year ended March 31, 2019

Amount in ₹

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
A) CASH FLOW FROM OPERATING ACTIVITIES:		
Profit / (Loss) before Tax	**43,361**	(6,04,648)
Adjustments for:		
Foreign Currency Translation and exchange movement (net)	**(13,90,244)**	(1,17,277)
	(13,46,883)	(7,21,925)
Changes in working capital		
Decrease / (Increase) in other financial assets	**(23,59,730)**	(13,96,540)
Decrease / (Increase) in other current assets	**-**	34,40,601
Increase / (Decrease) in trade payables	**1,20,507**	(52,27,296)
Increase / (Decrease) in other financial liabilities	**35,94,722**	39,05,864
Cash generated from / (used in) operations	**8,616**	704
Income Taxes (Paid)/Refund	**(8,616)**	(704)
Net cash generated from / (used in) operating activities (A)	**-**	**-**
B) CASH FLOW FROM INVESTING ACTIVITIES:		
Net cash generated from / (used in) investing activities (B)	**-**	**-**
C) CASH FLOW FROM FINANCING ACTIVITIES:		
Net cash generated from / (used in) financing activities (C)	**-**	**-**
Net Increase / (Decrease) in cash and cash equivalents (A+B+C)	**-**	-
Cash and cash equivalents at the beginning of the year	**-**	-
Cash and cash equivalents at the end of the year	**-**	-

As per our report of even date attached

For Shridhar & Associates
Chartered Accountants
Firm Registration No. 134427W

For Flag Telecom Nederland BV

Jitendra Sawjiany
Partner
Membership No : 050980

Place: Mumbai
Date: 22nd May 2019

Andrew Goldie
Director

Place:
Date: 21st May 2019

Flag Telecom Nederland BV
Statement of changes in equity for the year ended March 31, 2019

Amount in ₹

Particulars	Equity	Other Equity			Total equity
	Share capital	Reserves and Surplus	Other Comprehensive Income	Total Other Equity	
		Retained Earnings	Foreign Exchange Translation Reserve*		
Balance as at April 1, 2017	9,91,038	(1,91,98,879)	(38,28,644)	(2,30,27,523)	**(2,20,36,485)**
Net Profit / (Loss) for the year	-	(6,04,648)		(6,04,648)	**(6,04,648)**
Foreign Exchange Movement	4,967			-	**4,967**
Currency translation			(1,22,244)	(1,22,244)	**(1,22,244)**
Balance as at March 31, 2018	**9,96,005**	**(1,98,03,527)**	**(39,50,888)**	**(2,37,54,415)**	**(2,27,58,410)**
Net Profit / (Loss) for the year	-	43,361		43,361	**43,361**
Foreign Exchange Movement	60,822			-	**60,822**
Currency translation			(14,51,066)	(14,51,066)	**(14,51,066)**
Balance as at March 31, 2019	**10,56,827**	**(1,97,60,166)**	**(54,01,954)**	**(2,51,62,120)**	**(2,41,05,293)**

***Foreign Exchange Translation Reserve: Exchange differences on translating the financial statements**

As per our report of even date attached

For Shridhar & Associates
Chartered Accountants
Firm Registration No. 134427W

Jitendra Sawjiany
Partner
Membership No : 050980

Place: Mumbai
Date: 22nd May 2019

For Flag Telecom Nederland BV

Andrew Goldie
Director

Place:
Date: 21st May 2019

1.01 General Information

The Principal activities of Flag Telecom Nederland BV are the Provision of Telecommunication Services, Sales and Marketing Support Services to its fellow Subsidiaries and the Operation of a Fibre Optic Telecommunications network in Netherland.

1.02 SIGNIFICANT ACCOUNTING POLICIES

a) Basis of Preparation of Financial Statements

The financial statements are prepared under historical cost convention in accordance with generally accepted accounting principles (GAAP) in India and in compliance with the Indian Accounting Standards (Ind AS) specified under section 133 to the Companies Act, 2013 read with Companies (Indian Accounting Standard) Rules, 2015 as notified/ amended by Ministry of Corporate Affairs, Government of India.

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle. Based on the nature of the services and their realization in cash and cash equivalents, the Company has ascertained its operating cycle as twelve months for the purpose of current – non-current classification of assets and liabilities.

Financial Statements have been prepared on a going concern basis and financial support as may be required, shall be extended by associates and / or parent company.

The Company has applied the following standards and amendments for the first time for their annual reporting period commencing April 1, 2018:

- Ind AS 115 Revenue from Contracts with Customers
- Amendment to Ind AS 21- Foreign Currency Transactions and Advance Consideration

The adoption of the above new standards, amendment and interpretation did not have material impact on these financial statements. There are no other Ind AS amendments that are effective that would be expected to have a material impact on the Company's Financial Statements.

Standards and amendments issued and not yet effective
The following standards and amendments, which were in issue but not yet effective and have not been early adopted by the Company.

Ind AS 116 - Leases

Ind AS 116 is applicable from annual periods beginning on or after April 1, 2019. It will replace previous lease standard Ind AS 17. Ind AS 116 sets out the principles for recognition, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to accounting for finance leases under Ind AS 17. The standard includes two recognition exemption for leases: leases of 'low-value' assets and short-term leases. At the commencement date of a lease, a lessee will recognise a liabilityto make lease payments and an asset representing right to use the underlying asset during the lease term. Lessor accounting under Ind AS 16 is substantially unchanged from today's accounting under Ind AS 17.

Appendix C to Ind AS 112 -'Uncertainty over Income tax treatments'

This Appendix explains how to recognize and measure deferred and current tax assets and liabilities where there is uncertainty over a tax treatment. It provides a framework to consider, recognize and measure the accounting impact of tax uncertainties. This Appendix is applicable for annual periods beginning on or after April 1, 2019.

The company is evaluating the impact of the new standard and amendment on the financial position and results of operation. There are no other standards that are not yet effective and that would be expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions

b) Foreign Currency

i) Foreign Currency Transactions

Initial Recognition

On initial recognition, all foreign currency transactions are recorded by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

Subsequent Recognition

As at the reporting date, non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction. All non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined. All monetary assets and liabilities in foreign currency are restated at the end of accounting period. The resulting foreign exchange gains and losses are recognized in the Statement of Profit and loss on a net basis.

ii) Translation into Presentation Currency

The financial statements are translated into presentation currency which is Indian Rupees. Foreign exchange gains and losses resulting from translation into presentation currency are recognized in Other Comprehensive Income.

c) Financial Instruments

Financial instruments are recognised when the Company becomes a party to the contractual provisions of the instrument.

(a) Investments and other Financial Assets

(I) Classification
The Company classifies its financial assets in the following measurement categories:

a) those to be measured subsequently at fair value (either through other comprehensive income, or through Statement of profit and loss); and
b) those to be measured at amortised cost.

The classification depends on the Company's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in Statement of profit and loss or other comprehensive income ('OCI').

(II) Measurement

At initial recognition, the Company measures a financial asset at its fair value. Transaction costs of financial assets carried at fair value through the statement of profit and loss are expensed in the statement of profit and loss.

(III) Derecognition of financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the assets expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of the transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

(IV) Impairment of financial assets

The Company recognizes loss allowances using the expected credit loss (ECL) model for the financial assets which are not fair valued through profit or loss. Loss allowance for trade receivables with no significant financing component is measured at an amount equal to lifetime ECL. For all other financial assets, expected credit losses are measured at an amount equal to the 12-month ECL, unless there has been a significant increase in credit risk from initial recognition in which case those are measured at lifetime ECL. The amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognised as an impairment gain or loss in statement of profit or loss.

(b) Financial Liabilities

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

(I) Classification

The financial liabilities are classified in the following measurement categories:

a) those to be measured as financial liabilities at fair value through profit or loss,
b) those to be measured at amortised cost.

(II) Initial recognition and measurement

Financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. Financial liabilities are initially measured at the amortised cost unless at initial recognition, they are classified as fair value through profit and loss.

(III) Subsequent measurement

Financial liabilities are subsequently measured at amortised cost using the effective interest rate method. Financial liabilities carried at fair value through profit or loss are measured at fair value with all changes in fair value recognised in the statement of profit and loss.

(IV) Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the Statement of profit and loss.

d) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counter party.

e) Cash and Cash Equivalents

In the statement of cash flows, cash and cash equivalents include cash in hand, demand deposits with banks, other short-term highly liquid investments with original maturities of three months or less and that are readily convertible to known amount of cash and cash equivalent and bank overdrafts.

f) Share Capital

Ordinary Common Shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

g) Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified under current liabilities if payment is due within one year or less. If not, they are presented under non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using effective interest rate method.

h) Provisions and Contingent Liabilities

Provisions are recognised when there is a present legal or constructive obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and there is a reliable estimate of the amount of the obligation. Provisions are measured at the best estimate of the expenditure required to settle the present obligation at the Balance Sheet date and are not discounted to its present value.

Contingent Liabilities: Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made.

i) Current and deferred Tax

Tax expense for the period, comprising current tax and deferred tax, are included in the determination of the net profit or loss for the period. Current tax is measured at the amount expected to be paid to the tax authorities in accordance with the taxation laws prevailing in the respective jurisdictions.
Deferred tax is recognized, using the liability method, for all the temporary differences, subject to the consideration of prudence in respect of deferred tax assets. Deferred tax assets are recognised and carried forward only to the extent that it is probable that sufficient future taxable income will be available against which such deferred tax assets can be realised. However, where there is unabsorbed depreciation or carry forward loss, the deferred tax asset is recognised and carried forward only to the extent that it is probable that the assets will be realised in future. Deferred tax assets and liabilities are measured using the tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date. At each Balance Sheet date, the Company re-assesses unrecognised deferred tax asset if any.

Current tax assets and current tax liabilities are offset when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle the asset and the liability on a net basis. Deferred tax assets and deferred tax liabilities are offset when there is a legally enforceable right to set off assets against liabilities representing current tax and where the deferred tax assets and the deferred tax liabilities relate to taxes on income levied by the same governing taxation laws.

j) Revenue Recognition

The Company has adopted Ind AS 115 Revenue from Contracts with Customers with a date of initial application of April 1, 2018. As a result, the Group has updated its accounting policy for revenue recognition as detailed below.

The Company has applied Ind AS 115 using the cumulative effect method and therefore the comparative information has not been restated and continues to be reported under Ind AS 18 .

Company recognizes revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and when specific criteria have been met for Company's activities as described below. Revenue is measured at the fair value of the consideration receivable and represents amount receivable for services rendered, net of taxes, expected variable consideration, price reductions and rebates. The company uses expected value method or most likely amount method to estimate the amount of variable consideration.

Where the contracts include multiple performance obligations, the transaction price will be allocated to each performance obligation based on the stand- alone selling prices. Where these are not directly observable, they are estimated based on market assessment approach.

Indefeasible Right of Use

The Company sells Right of Use (ROU) that provide customers with network capacity, typically over a 10 to 15 year period without transferring the legal title or giving an option to purchase the network capacity. Revenue from cancellable ROU arrangements are accounted as operating lease and recognized over the life of the contract.

Internet Protocol Services

The Company recognises internet protocol revenue over the term of the contract. Fees related to activation of services are deferred and recognised over the expected term of the related service agreement.

International Private Leased Circuits

International Private Leased Circuits include lease capacity services and restoration service for other network operators. The customer typically pays the charges for these services periodically over the life of the contract, which may be up to three years. Revenue is recognized in the Company's Statement of Profit and Loss over the term of the contract.

Operations and Maintenance Services

The Company provides operation and maintenance services over the life of the capacity contract, for which the Company receives Operation and Maintenance charges. Operation and maintenance charges are invoiced separately from capacity sales. Revenues relating to maintenance are recognized over the period in which the service is provided.

Network service revenue

Transfer pricing is based on provisions contained in Organization for Economic Co-operation & Development (the OECD guidelines).

k) Deferred Revenue

Deferred Revenue represents income billed in accordance with the contract but not recognised in Statement of Profit and Loss as at the Balance Sheet date. Deferred Revenue net of the amount recognizable beyond one year is disclosed as unearned income in non-current liabilities and the amount recognizable within one year is disclosed as deferred revenue in current liabilities.

l) Employee Benefits

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the Balance Sheet.

Eligible employees of the company are covered by defined contribution pension plan. Contribution to the plan is generally based on each employee's eligible compensation and years of service and is based on the local regulations. The schemes are funded through payments to insurance companies as defined contribution plans. In some defined contribution retirement plan, eligible employees may contribute amounts to the plan, via payroll withholding, subject to certain limitations.

m) Use of Estimates

The presentation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of Balance Sheet and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognized in the year in which the results are known / materialized.

n) Earnings Per Share

i) Basic earnings per share

Basic earnings per share is calculated by dividing:
- the profit attributable to owners of the company
- by the weighted average number of equity shares outstanding during the financial year, adjusted for bonus elements in equity shares issued during the year.

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:
- the after income tax effect of interest and other financing costs associated with dilutive potential equity shares, and
- the weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

Flag Telecom Nederland BV
Notes forming part of the Financial Statements for the year ended March 31, 2019

Amount in ₹

	Particulars	As at March 31, 2019	As at March 31, 2018
2.01	**Income tax asset (net)**		
	Income tax asset	**1,49,701**	1,41,085
	Total	**1,49,701**	1,41,085
2.02	**Other Financial assets**		
	Advances to related parties	**97,16,553**	73,56,823
	Total	**97,16,553**	73,56,823

Flag Telecom Nederland BV
Notes forming part of the Financial Statements for the year ended March 31, 2019

2.03 Equity

Share capital

	As at March 31, 2019	As at March 31, 2018
		Amount in ₹
Authorised		
900 (900) Equity Shares of Euro 100 each	**52,84,137**	49,80,025
Issued, subscribed & fully paid up:		
180 (180) Equity Shares of Euro 100 each	**10,56,827**	9,96,005
Total	**10,56,827**	9,96,005

i. Movement in share capital

	No. of Shares	Amount in ₹
As at April 1, 2017	**180**	9,91,038
Issued during the year	**-**	-
Foreign Exchange Movement		4,967
As at March 31, 2018	**180**	9,96,005
Issued during the year	**-**	-
Foreign Exchange Movement		60,822
As at March 31, 2019	**180**	10,56,827

ii. Rights, preferences and restriction attached to the shares

The Company has equity shares having a par value of Euro 100 each. Each holder of shares is entitled to one vote per share. In the event of liquidation of the Company, the holder of shares will be entitled to receive remaining assets of the Company.The distribution will be in proportion to the number of shares held by the shareholder.

iii. Shares of the company held by holding/ultimate holding company

	As at March 31, 2019	As at March 31, 2018
Reliance Globalcom Limited	**180**	180
	180	180

iv. Details of shareholders holding more than 5% shares in the Company

		As at March 31, 2019	As at March 31, 2018
Ordinary Shares			
i) Reliance Globalcom Limited			
	No. of Shares	**180**	180
	Shareholding %	**100%**	100%

Other equity

	As at March 31, 2019	As at March 31, 2018
a) Reserves and surplus	**(1,97,60,166)**	(1,98,03,527)
b) Other reserves	**(54,01,954)**	(39,50,888)
Total	**(2,51,62,120)**	(2,37,54,415)

Amount in ₹

a) Reserves and surplus
Retained earnings

	As at March 31, 2019	As at March 31, 2018
Opening balance	**(1,98,03,527)**	(1,91,98,879)
Net Profit \ (Loss) for the year	**43,361**	(6,04,648)
Closing balance	**(1,97,60,166)**	(1,98,03,527)

Retained earnings represent the amount of accumulated earnings at each Balance Sheet date, prepared in accordance with the basis of preparation section.

b) Other reserves
Foreign Exchange Translation Reserve

	As at March 31, 2019	As at March 31, 2018
Opening balance	**(39,50,888)**	(38,28,644)
Currency translation differences during the year	**(14,51,066)**	(1,22,244)
Closing balance	**(54,01,954)**	(39,50,888)

Flag Telecom Nederland BV
Notes forming part of the Financial Statements for the year ended March 31, 2019

Amount in ₹

	Particulars	As at March 31, 2019	As at March 31, 2018
2.04	**Trade payables**		
	Trade accruals	**6,90,014**	5,69,507
	Total	**6,90,014**	5,69,507
2.05	**Other Financial liabilities**		
	Due to related parties	**3,32,81,533**	2,96,86,811
	Total	**3,32,81,533**	2,96,86,811

Flag Telecom Nederland BV
Notes forming part of the Financial Statements for the year ended March 31, 2019

Amount in ₹

	Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
2.06	**Revenue from operations**		
	Network service revenue	**19,31,499**	19,84,530
	Total	**19,31,499**	19,84,530
2.07	**Other income**		
	Net Gain on Foreign Currency Transaction and Translation	**1,785**	-
	Provision/ Liabilities written back to the extent no longer required	**15,851**	-
	Total	**17,636**	**-**
2.08	**Other expenses**		
	Rates and taxes	**-**	4,910
	Legal Fees	**-**	23,108
	Professional charges	**2,64,140**	2,96,814
	Travel and entertainment	**15,59,925**	14,19,715
	Communication	**-**	1,35,414
	Loss on foreign exchange fluctuation (net)	**-**	610
	Miscellaneous expense	**81,709**	7,08,607
	Total	**19,05,774**	25,89,178

Notes forming part of the Financial Statements for the year ended March 31, 2019

2.09 Segment Reporting

The RGL Group is being geared to provide the customers with a composite service tailored to their industry or their specific needs like cost optimization or increased speed of reach, which in-turn involves leveraging a combination of the assets and service capabilities of RGL Group. The Group CEO of RGL along with steering committee performs the function of Chief Operating Decision Maker (‘CODM’). The RGL Group has a single operating segment, viz. Data Services Business. The Data Services Business of RGL Group provides an integrated service to its global customers.

The CODM reviews the segment results at a combined level for all regions and businesses, when assessing the RGL Group’s overall performance and deciding the manner in which to allocate resources.

Further, when a composite service is offered to a customer, while the billing may be done in one jurisdiction the services in-turn would be sought or assets used would be from different legal entities within the RGL Group domiciled in different geographies. Therefore, it is impracticable to meaningfully disclose service revenue by geographical locations.

2.10 Earnings per Share

Amount in ₹ except number of shares

Particulars		**For the year ended March 31, 2019**	For the year ended March 31, 2018
A	Profit / (Loss) for the year attributable to shareholders	**43,361**	(6,04,648)
B	Weighted average number of shares of EUR 100 each used as denominator for calculating Basic and Diluted EPS	**180**	180
C	Basic and Diluted Earnings / (Loss) per Share (A/B)	**240.89**	(3,359.16)

2.11 Notes to Foreign Currency Translation Reserve

The amounts relating to Balance Sheet items appearing in Indian Rupees have been translated at Closing Rate of 1 USD = ₹ 69.155 (March 31, 2018 1 USD = ₹ 65.175) and items relating to profit and loss have been translated at average rate of 1 USD = ₹ 69.916 (Previous year 1 USD = ₹ 64.446).

The amounts have been converted in INR to comply with the financial reporting requirement in India.

2.12 Related Party Transactions

In accordance with Indian Accounting Standard 24 “Related Party Disclosures” issued by the Institute of Chartered Accountants of India, the company’s related parties and transactions are disclosed below which are in ordinary course of business and at arms’ length basis:

List of related parties:

(a) Parent company

i. Reliance Communications Limited
ii. Reliance Globalcom Limited

(b) Enterprises as affiliated companies are:

i. Reliance Globalcom Limited
ii. Reliance Globalcom (U.K.) Limited
iii. Reliance FLAG Telecom Ireland DAC
iv. Reliance Flag Atlantic France SAS

Amount in ₹

(c) Sales of services

Particulars	**For the year ended March 31, 2019**	**For the year ended March 31, 2018**
Service Revenue		
Parent company	-	-
Fellow subsidiaries	19,31,499	19,84,530
Total	**19,31,499**	**19,84,530**

Sales of services are negotiated with related parties on a cost-plus basis and are determined on the basis of market price.

(d) Year-end balances arising from sales/purchases of services

Particulars	**As at March 31, 2019**	**As at March 31, 2018**
Advance to related parties		
Parent company	-	-
Fellow subsidiaries	97,16,553	73,56,823
Total	**97,16,553**	**73,56,823**

Particulars	**As at March 31, 2019**	**As at March 31, 2018**
Due to related parties		
Parent company	3,13,27,984	2,78,45,692
Fellow subsidiaries	19,53,549	18,41,119
Total	**3,32,81,533**	**2,96,86,811**

2.13 The previous year's figures have been regrouped and reclassified wherever necessary.

For Shridhar & Associates
Chartered Accountants
Firm Registration No. 134427W

Jitendra Sawjiany
Partner
Membership No : 050980

Place: Mumbai
Date: 22nd May 2019

For Flag Telecom Nederland BV

Andrew Goldie
Director

Place:
Date: 21st May 2019