

Independent Auditors' Report

To the Board of Directors of FLAG Telecom Development Services Company LLC

Report on the Ind AS Financial Statements

Opinion

We have audited the accompanying standalone Ind AS financial statements of **FLAG Telecom Development Services Company LLC** ("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 2.06 of the notes to the financial statements where the company has negative net worth amounting to INR 1,35,25,962 for the year 2019 and INR 1,42,33,059 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 Sawjany
Partner
Membership No.050980

Place: Mumbai
Date: 22nd May 2019

Flag Telecom Development Services Company LLC
Balance Sheet as at March 31, 2019

Particulars	Note	Amount in ₹	
		As at March 31, 2019	As at March 31, 2018
ASSETS			
Non-current assets			
Property, plant and equipment	2.01	26,16,907	25,75,223
Deferred tax asset (net)	2.02	2,351	2,803
Total Non-current assets		26,19,258	25,78,026
Current assets			
Financial assets			
Cash and cash equivalents	2.03	6,47,588	6,19,995
Other Financial assets	2.04	4,70,23,633	3,05,52,049
Other Current assets	2.05	3,18,269	3,33,520
Total Current assets		4,79,89,490	3,15,05,564
Total Assets		5,06,08,748	3,40,83,590
EQUITY AND LIABILITIES			
Equity			
Share capital	2.06	9,12,915	8,60,375
Other equity	2.06	(1,72,60,038)	(1,68,76,862)
Total equity		(1,63,47,123)	(1,60,16,487)
LIABILITIES			
Current liabilities			
Financial liabilities			
Trade payables	2.07	20,19,693	20,05,100
Other Financial liabilities	2.08	6,39,46,423	4,70,63,864
Income tax liabilities (net)	2.09	6,09,016	5,73,966
Other Current liabilities	2.10	3,80,739	4,57,147
Total Current liabilities		6,69,55,871	5,01,00,077
Total Liabilities		6,69,55,871	5,01,00,077
Total Equity and Liabilities		5,06,08,748	3,40,83,590
General Information			
Significant Accounting Policies	1.01		
Notes to the Financial Statements	1.02		
	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 Development Services Company LLC

Jitendra Sawjany
Partner
Membership No : 050980

Girish Kulai
Director

Hassan Mohamed
Director

Place: Mumbai
Date: 22nd May 2019

Place:
Date: 21st May 2019

Place:
Date: 21st May 2019

Flag Telecom Development Services Company LLC
Statement of Profit and loss for the year ended March 31, 2019

Particulars	Note	Amount in ₹	
		For the year ended March 31, 2019	For the year ended March 31, 2018
INCOME			
Revenue from operations	2.11	1,45,28,195	1,10,08,841
Other income	2.12	2,95,635	24,13,064
Total Income		1,48,23,830	1,34,21,905
EXPENSES			
Employee benefits expense	2.13	94,82,208	84,46,852
Depreciation and amortization expense	2.14	1,16,827	1,07,687
Other expenses	2.15	45,69,609	43,26,241
Total Expenses		1,41,68,644	1,28,80,780
Profit / (Loss) before tax		6,55,186	5,41,125
Tax Expense			
-Deferred Tax		629	838
Profit / (Loss) after tax		6,54,557	5,40,287
Other comprehensive income			
Items that may be subsequently reclassified to statement of profit or loss			
Currency translation		(10,37,733)	(80,774)
Total other comprehensive income for the year		(10,37,733)	(80,774)
Total comprehensive income for the year		(3,83,176)	4,59,513
Earnings per equity share:	2.17		
(1) Basic		1,309.11	1,080.57
(2) Diluted		1,309.11	1,080.57
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 Development Services Company LLC

Jitendra Sawjiyani
Partner
Membership No : 050980

Girish Kulai
Director

Hassan Mohamed
Director

Place: Mumbai
Date: 22nd May 2019

Place:
Date: 21st May 2019

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Date: 21st May 2019

Flag Telecom Development Services Company LLC
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	6,55,186	5,41,125
Adjustments for:		
Depreciation and Amortisation	1,16,827	1,07,687
Foreign Currency Translation and exchange movement (net)	(11,43,704)	(88,651)
	(3,71,691)	5,60,161
Changes in working capital		
Decrease / (Increase) in other non-current assets	-	1,42,458
Decrease / (Increase) in other financial assets	(1,64,71,584)	(1,12,30,204)
Decrease / (Increase) in other current assets	15,251	(1,02,854)
Increase / (Decrease) in trade payables	14,593	(27,32,534)
Increase / (Decrease) in other financial liabilities	1,68,82,559	1,33,15,677
Increase / (Decrease) in other current liabilities	(76,408)	1,56,651
Cash generated from / (used in) operations	(7,280)	1,09,355
Income Taxes (Paid)/Refund	34,873	2,853
Net cash generated from / (used in) operating activities (A)	27,593	1,12,208
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)	27,593	1,12,208
Cash and cash equivalents at the beginning of the year	6,19,995	5,07,787
Cash and cash equivalents at the end of the year (refer note 2.03)	6,47,588	6,19,995

As per our report of even date attached

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

For Flag Telecom Development Services Company LLC

Jitendra Sawjany
Partner
Membership No : 050980

Girish Kulai
Director

Hassan Mohamed
Director

Place: Mumbai
Date: 22nd May 2019

Place:
Date: 21st May 2019

Place:
Date: 21st May 2019

Flag Telecom Development Services Company LLC
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	8,56,085	(1,56,33,721)	(17,02,654)	(1,73,36,375)	(1,64,80,290)
Net Profit / (Loss) for the year	-	5,40,287	-	5,40,287	5,40,287
Foreign Exchange Movement	4,290	-	-	-	4,290
Currency translation	-	-	(80,774)	(80,774)	(80,774)
Balance as at March 31, 2018	8,60,375	(1,50,93,434)	(17,83,428)	(1,68,76,862)	(1,60,16,487)
Net Profit / (Loss) for the year	-	6,54,557	-	6,54,557	6,54,557
Foreign Exchange Movement	52,540	-	-	-	52,540
Currency translation	-	-	(10,37,733)	(10,37,733)	(10,37,733)
Balance as at March 31, 2019	9,12,915	(1,44,38,877)	(28,21,161)	(1,72,60,038)	(1,63,47,123)

*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 Development Services Company LLC

Jitendra Sawjany
Partner
Membership No : 050980

Girish Kulai
Director

Hassan Mohamed
Director

Place: Mumbai
Date: 22nd May 2019

Place:
Date: 21st May 2019

Place:
Date: 21st May 2019

FLAG Telecom Development Services Company LLC

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

1.01 General Information

The principal activities of FLAG Telecom Development Services Company LLC (the "Company") are providing consultation in Telecom sector.

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 liability to 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.

FLAG Telecom Development Services Company LLC

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

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

FLAG Telecom Development Services Company LLC

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

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.

FLAG Telecom Development Services Company LLC

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

(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.

FLAG Telecom Development Services Company LLC

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

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.

FLAG Telecom Development Services Company LLC

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

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.

FLAG Telecom Development Services Company LLC

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

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 Development Services Company LLC
Notes forming part of the Financial Statements for the year ended March 31, 2019

2.01 Property, Plant and Equipments

Particulars	Amount in ₹	
	Network Assets	Total
Gross carrying value		
As at April 1, 2018	27,11,280	27,11,280
Additions	-	-
Currency translation difference	1,65,547	1,65,547
As at March 31, 2019	28,76,827	28,76,827
Accumulated depreciation		
As at April 1, 2018	1,36,057	1,36,057
Depreciation for the year	1,16,827	1,16,827
Currency translation difference	7,036	7,036
As at March 31, 2019	2,59,920	2,59,920
Closing net carrying value as at March 31, 2019	26,16,907	26,16,907
Gross carrying value as at March 31, 2019	28,76,827	28,76,827
Accumulated depreciation	2,59,920	2,59,920
Closing net carrying value as at March 31, 2019	26,16,907	26,16,907

Particulars	Amount in ₹	
	Network Assets	Total
Gross carrying value		
As at April 1, 2017	26,97,760	26,97,760
Additions	-	-
Currency translation difference	13,520	13,520
As at March 31, 2018	27,11,280	27,11,280
Accumulated depreciation		
As at April 1, 2017	27,017	27,017
Depreciation for the year	1,07,687	1,07,687
Currency translation difference	1,353	1,353
As at March 31, 2018	1,36,057	1,36,057
Closing net carrying value as at March 31, 2018	25,75,223	25,75,223
Gross carrying value as at March 31, 2018	27,11,280	27,11,280
Accumulated depreciation	1,36,057	1,36,057
Closing net carrying value as at March 31, 2018	25,75,223	25,75,223

Flag Telecom Development Services Company LLC

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

Particulars	As at	Amount in ₹
	March 31, 2019	As at March 31, 2018
2.02 Deferred tax asset (net)		
Deferred tax asset	2,351	2,803
Total	2,351	2,803
2.03 Cash and cash equivalents		
Balance with banks		
- Current accounts	6,47,588	6,19,995
Total	6,47,588	6,19,995
2.04 Other Financial assets		
Deposits	2,47,585	11,089
Advances to related parties	4,67,76,048	3,05,40,960
Total	4,70,23,633	3,05,52,049
2.05 Other Current assets		
Balances with Government authorities	-	2,06,820
Prepaid expenses	3,18,269	1,26,700
Total	3,18,269	3,33,520

Flag Telecom Development Services Company LLC
Notes forming part of the Financial Statements for the year ended March 31, 2019

2.06 Equity
Share capital

	As at March 31, 2019	Amount in ₹ As at March 31, 2018
Authorised:		
500 (500) Shares of Egyptian Pound 100 each	9,12,915	8,60,375
Issued, subscribed & fully paid up:		
500 (500) Shares of Egyptian Pound 100 each	9,12,915	8,60,375
Total	9,12,915	8,60,375

i. Movement in share capital

	No. of Shares	Amount in ₹
As at April 1, 2017	500	8,56,085
Issued during the year	-	-
Foreign Exchange Movement	-	4,290
As at March 31, 2018	500	8,60,375
Issued during the year	-	-
Foreign Exchange Movement	-	52,540
As at March 31, 2019	500	9,12,915

ii. Rights, preferences and restriction attached to the shares

The Company has shares having a par value of Egyptian Pound 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
a) Flag Telecom Development Limited	495	495
b) Reliance Globalcom Limited	5	5
	500	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		
a) Flag Telecom Development Limited	495	495
No. of Shares	99	99
Shareholding %		

Other equity

	As at March 31, 2019	As at March 31, 2018
a) Reserves and surplus	(1,44,38,877)	(1,50,93,434)
b) Other reserves	(28,21,161)	(17,83,428)
Total	(1,72,60,038)	(1,68,76,862)

a) Reserves and surplus
Retained earnings

	As at March 31, 2019	As at March 31, 2018
Opening balance	(1,50,93,434)	(1,56,33,721)
Net Profit for the year	6,54,557	5,40,287
Closing balance	(1,44,38,877)	(1,50,93,434)

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	(17,83,428)	(17,02,654)
Currency translation differences during the year	(10,37,733)	(80,774)
Closing balance	(28,21,161)	(17,83,428)

Flag Telecom Development Services Company LLC

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

Particulars	Amount in ₹	
	As at March 31, 2019	As at March 31, 2018
2.07 Trade payables		
Trade payables	253	3,17,520
Trade accruals	20,19,440	16,87,580
Total	20,19,693	20,05,100
2.08 Other Financial liabilities		
Due to related parties	6,39,46,423	4,70,63,864
Total	6,39,46,423	4,70,63,864
2.09 Income tax liabilities (net)		
Income tax (net of advance tax)	6,09,016	5,73,966
Total	6,09,016	5,73,966
2.10 Other Current liabilities		
Employee payables	2,47,437	4,47,752
Statutory liabilities	1,33,302	9,395
Total	3,80,739	4,57,147

Flag Telecom Development Services Company LLC

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

Particulars	Amount in ₹	
	For the year ended March 31, 2019	For the year ended March 31, 2018
2.11 Revenue from operations		
Network service revenue	1,45,28,195	1,10,08,841
Total	1,45,28,195	1,10,08,841
2.12 Other income		
Gain on foreign exchange fluctuation (net)		18,40,358
Provision/ Liabilities written back to the extent no longer required	1,87,499	5,72,706
Miscellaneous income	1,08,136	-
Total	2,95,635	24,13,064
2.13 Employee benefits expense		
Salaries, wages and bonus	80,73,053	72,28,105
Employee Welfare and other amenities	14,09,155	12,18,747
Total	94,82,208	84,46,852
2.14 Depreciation and amortization expense		
Depreciation on Tangible assets	1,16,827	1,07,687
Less:recoupment from revaluation reserve	-	-
Net Depreciation on tangible assets	1,16,827	1,07,687
2.15 Other expenses		
Rent	16,31,318	17,34,354
Rates and taxes	5,77,620	23,964
Professional charges	13,08,669	10,11,467
Travel and entertainment	-	1,55,769
Communication	50,130	1,49,152
Information technology support	18,568	81,826
Bank charges	12,161	5,855
Payment to auditors	6,13,393	5,80,013
Facility usage charges	1,99,960	1,36,392
Loss on foreign exchange fluctuation (net)	22,464	-
Miscellaneous expense	1,35,326	4,47,449
Total	45,69,609	43,26,241

FLAG Telecom Development Services Company LLC

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

2.16 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.

2.17 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 / (Loss) for the year attributable to shareholders	6,54,557	5,40,287
B	Weighted average number of shares of EGP 100 each used as denominator for calculating Basic and Diluted EPS	500	500
C	Basic and Diluted Earnings / (Loss) per Share (A/B)	1,309.11	1,080.57

2.18 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.

2.19 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 Development Services Company LLC

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 Development Limited
- (b) **Enterprises as affiliated companies are:**
- i. Reliance Globalcom Limited
 - ii. Reliance FLAG Telecom Ireland DAC

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	1,45,28,195	1,10,08,841
Total	1,45,28,195	1,10,08,841

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	4,67,76,048	3,05,40,960
Total	4,67,76,048	3,05,40,960

Particulars	As at March 31, 2019	As at March 31, 2018
Due to related parties		
Parent company	6,39,46,423	4,70,63,864
Fellow subsidiaries	-	-
Total	6,39,46,423	4,70,63,864

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

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

For Flag Telecom Development Services Company LLC

Jitendra Sawjany
Partner
Membership No : 050980

Girish Kulai
Director

Hassan Mohamed
Director

Place: Mumbai
Date: 22nd May 2019

Place:
Date: 21st May 2019

Place:
Date: 21st May 2019

Independent Auditors' Report

To the Board of Reliance FLAG Pacific Holdings Limited

Report on the Ind AS Financial Statements

Opinion

We have audited the accompanying standalone Ind AS financial statements of **Reliance FLAG Pacific Holdings 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 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 2.02 of the notes to the financial statements where the company has negative net worth amounting to INR 3,76,76,35,940 for the year 2019 and INR 3,76,76,68,039 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 Sawjany
Partner
Membership No.050980

Place: Mumbai
Date: 22nd May 2019

RELIANCE FLAG PACIFIC HOLDINGS LIMITED
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			
Other Current assets	2.01	4,68,75,472	4,41,77,684
Total Current assets		4,68,75,472	4,41,77,684
Total Assets		4,68,75,472	4,41,77,684
EQUITY AND LIABILITIES			
Equity			
Equity share capital	2.02	8,29,860	7,82,100
Other equity	2.02	(4,66,80,22,595)	(4,39,93,54,537)
Total equity		(4,66,71,92,735)	(4,39,85,72,437)
Liabilities			
Non-current liabilities			
Financial liabilities			
Borrowings	2.03	4,68,76,65,249	4,41,78,81,305
Total Non-current liabilities		4,68,76,65,249	4,41,78,81,305
Current liabilities			
Financial liabilities			
Trade payables	2.04	2,64,02,958	2,48,68,816
Total Current liabilities		2,64,02,958	2,48,68,816
Total Liabilities		4,71,40,68,207	4,44,27,50,121
Total Equity and Liabilities		4,68,75,472	4,41,77,684
General Information			
Significant Accounting Policies	1.01		
Notes to the Financial Statement	1.02		
	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 Pacific Holdings Limited

Jitendra Sawjany
Partner
Membership No : 050980

Rod Riley
Director

B K Sinha
Director

Place: Mumbai
Date: 22nd May 2019

Place:
Date: 21st May 2019

Place:
Date: 21st May 2019

RELIANCE FLAG PACIFIC HOLDINGS LIMITED
Statement of Profit and loss for the year ended March 31, 2019

Particulars	Note	Amount in ₹	
		For the year ended March 31, 2019	For the year ended March 31, 2018
INCOME			
Revenue from operations		-	-
Total Income		-	-
EXPENSES			
Other expenses	2.05	15,661	15,789
Total Expenses		15,661	15,789
Loss before tax		(15,661)	(15,789)
Tax expense			
-Current tax		-	-
Loss after tax		(15,661)	(15,789)
Other comprehensive income			
<i>Items that may be subsequently reclassified to statement of profit or loss</i>			
Currency translation		(26,86,52,397)	(2,19,37,801)
Total other comprehensive income for the year		(26,86,52,397)	(2,19,37,801)
Total comprehensive income for the year		(26,86,68,058)	(2,19,53,590)
(Loss) per equity share	2.07		
(1) Basic		(1.31)	(1.32)
(2) Diluted		(1.31)	(1.32)
General Information	1.01		
Significant Accounting Policies	1.02		
Notes to the Financial Statement	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 Pacific Holdings Limited

Jitendra Sawjany
Partner
Membership No : 050980

Rod Riley
Director

B K Sinha
Director

Place: Mumbai
Date: 22nd May 2019

Place:
Date: 21st May 2019

Place:
Date: 21st May 2019

RELIANCE FLAG PACIFIC HOLDINGS LIMITED
Statement of Cash flows for the year ended March 31, 2019

Particulars	Amount in ₹	
	For the year ended March 31, 2019	For the year ended March 31, 2018
A) CASH FLOW FROM OPERATING ACTIVITIES:		
Loss Before Tax	(15,661)	(15,789)
Adjustments for:		
Foreign currency translation and exchange movement (Net)	(26,86,04,638)	(2,19,33,903)
	(26,86,20,299)	(2,19,49,692)
Changes in Working Capital		
Decrease / (Increase) in other current assets	(26,97,788)	(2,20,295)
(Decrease) / Increase in trade payables	15,34,143	1,39,892
	(26,97,83,944)	(2,20,30,095)
Net Cash generated from / (used in) Operating Activities (A)		
B) CASH FLOW FROM INVESTING ACTIVITIES:	-	-
Net Cash Used in Investing Activities (B)	-	-
C) CASH FLOW FROM FINANCING ACTIVITIES:		
Loan from related party	26,97,83,944	2,20,30,095
Net cash (used in) / generated from financing activities (C)	26,97,83,944	2,20,30,095
Net (Decrease) in Cash and Cash Equivalents (A+B+C)	-	-
Add: 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 Reliance FLAG Pacific Holdings Limited

Jitendra Sawjany
Partner
Membership No : 050980

Rod Riley
Director

B K Sinha
Director

Place: Mumbai
Date: 22nd May 2019

Place:
Date: 21st May 2019

Place:
Date: 21st May 2019

RELIANCE FLAG PACIFIC HOLDINGS 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	Reserves & Surplus	Other Comprehensive Income		
		Retained Earnings	Foreign Exchange Translation Reserve*		
Balance as at April 1, 2017	7,78,200	(3,76,84,34,350)	(60,89,66,597)	(4,37,74,00,947)	(4,37,66,22,747)
Net Loss for the year	-	(15,789)	-	(15,789)	(15,789)
Currency translation	-	-	(2,19,37,801)	(2,19,37,801)	(2,19,37,801)
Foreign exchange movement	3,900	-	-	-	3,900
Balance as at March 31, 2018	7,82,100	(3,76,84,50,139)	(63,09,04,398)	(4,39,93,54,537)	(4,39,85,72,437)
Net Loss for the year	-	(15,661)	-	(15,661)	(15,661)
Currency translation	-	-	(26,86,52,397)	(26,86,52,397)	(26,86,52,397)
Foreign exchange movement	47,760	-	-	-	47,760
Balance as at March 31, 2019	8,29,860	(3,76,84,65,800)	(89,95,56,795)	(4,66,80,22,595)	(4,66,71,92,735)

*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 Pacific Holdings Limited

Jitendra Sawjany
Partner
Membership No : 050980

Rod Riley
Director

B K Sinha
Director

Place: Mumbai
Date:

Place:
Date: 21st May 2019

Place:
Date: 21st May 2019

Reliance FLAG Pacific Holdings Limited

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

1.01 General Information

The Company is part of a multinational corporate organization. The company operates a global telecommunication network comprised of advanced fibre-optic cable systems and interfaces that are owned by, leased to, or otherwise available to the company.

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 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 liability to 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.

Reliance FLAG Pacific Holdings Limited

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

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

Reliance FLAG Pacific Holdings Limited

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

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.

Reliance FLAG Pacific Holdings Limited

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

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) 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

Reliance FLAG Pacific Holdings Limited

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

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).

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.

	As at	Amount in ₹
	March 31, 2019	As at March 31, 2018

2.01 Other Current assets

Advance for supply of goods and rendering of services	4,68,75,472	4,41,77,684
	<u>4,68,75,472</u>	<u>4,41,77,684</u>

	As at March 31, 2019	Amount in ₹ As at March 31, 2018
2.02 Equity		
Equity share capital		
Authorised		
12000 (12000) ordinary shares par value US\$1 each	8,29,860	7,82,100
500,000 (500,000) Redeemable Non Cumulative Non Convertible Preference Share of US\$1 each	3,45,77,500	3,25,87,500
Total	3,54,07,360	3,33,69,600
Issued, subscribed & fully paid up		
12000 (12000) ordinary shares par value US\$1 each, fully paid up	8,29,860	7,82,100
Total	8,29,860	7,82,100

i. Movement in share capital

	No. of Shares	Amount in ₹
As at April 1, 2017	12,000	7,78,200
Issued during the year	-	-
Foreign exchange movement		3,900
As at March 31, 2018	12,000	7,82,100
Issued during the year	-	-
Foreign exchange movement		47,760
As at March 31, 2019	12,000	8,29,860

ii. Rights, preferences and restriction attached to the shares

The Company has only ordinary shares (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.

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

	As at March 31, 2019	As at March 31, 2018
a) Reliance Globalcom BV	12,000	12,000
	12,000	12,000

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) Reliance Globalcom BV		
No. of Shares	12,000	12,000
shareholding %	100%	100%

Other equity

a) Reserves & surplus	(3,76,84,65,800)	(3,76,84,50,139)
b) Other Reserves	(89,95,56,795)	(63,09,04,398)
Total	(4,66,80,22,595)	(4,39,93,54,537)

a) Reserves & surplus
Retained earnings

	As at March 31, 2019	As at March 31, 2018
Opening balance	(3,76,84,50,139)	(3,76,84,34,351)
Net loss for the year	(15,661)	(15,789)
Total	(3,76,84,65,800)	(3,76,84,50,139)

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	(63,09,04,398)	(60,89,66,597)
Currency translation differences during the year	(26,86,52,397)	(2,19,37,801)
Total	(89,95,56,795)	(63,09,04,398)

	As at March 31, 2019	Amount in ₹ As at March 31, 2018
2.03 Borrowings		
Unsecured:		
Loan from related parties	4,68,76,65,249	4,41,78,81,305
	<u>4,68,76,65,249</u>	<u>4,41,78,81,305</u>
2.04 Trade payables		
Trade payables	55,80,113	52,58,965
Trade accruals	2,08,22,845	1,96,09,851
	<u>2,64,02,958</u>	<u>2,48,68,816</u>

RELIANCE FLAG PACIFIC HOLDINGS LIMITED
Notes to the Financial Statements

	For the year ended March 31, 2019	Amount in ₹ For the year ended March 31, 2018
2.05 Other expenses		
Payment to auditors	15,661	15,789
Total	15,661	15,789

Reliance FLAG Pacific Holdings Limited

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

2.06 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.

2.07 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	(15,661)	(15,789)
B	Weighted average number of share of US\$ 1 each used as denominator for calculating Basic and Diluted EPS	12000	12000
C	Basic and Diluted Earnings per Share (A/B)	(1.31)	(1.32)

2.08 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.

Reliance FLAG Pacific Holdings Limited

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

2.09 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 BV
- (b) **Enterprises as affiliated companies are:**
 - i. Reliance Globalcom Limited
 - ii. Reliance Communication Inc.

(c) Loans from related parties

Particulars	As at	As at
	March 31, 2019	March 31, 2018
Parent company	3,14,40,57,808	2,96,31,11,305
Fellow subsidiaries	1,54,36,07,441	1,45,47,70,001
Total	4,68,76,65,249	4,41,78,81,305

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

For Shridhar & Associates

Chartered Accountants

Firm Registration No. : 134427W

For Reliance Flag Pacific Holdings Limited

Jitendra Sawjaniy

Partner

Membership Number: 050980

Rod Riley

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 FLAG Telecom Network USA Limited

Report on the Ind AS Financial Statements

Opinion

We have audited the accompanying standalone Ind AS financial statements of **FLAG Telecom Network USA 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 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 3,41,59,05,185 for the year 2019 and INR 3,47,04,84,455 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 Sawjany
Partner
Membership No.050980

Place: Mumbai
Date: 22nd May 2019

FLAG Telecom Network USA Limited
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	1,54,39,41,865	1,50,25,05,832
Other intangible assets	2.02	7,44,94,317	10,12,48,724
Capital work-in-progress	2.03	-	5,14,752
Income tax asset (net)	2.04	1,60,86,499	-
Financial assets			
Other Financial assets	2.05	2,47,37,521	2,58,26,979
Total Non-current assets		1,65,92,60,202	1,63,00,96,287
Current Assets			
Financial assets			
Cash and cash equivalents	2.06	1,01,63,559	3,50,69,534
Other Financial assets	2.05	13,59,78,392	4,28,58,616
Other Current assets	2.07	1,65,21,914	1,90,19,364
Total Current assets		16,26,63,865	9,69,47,514
Total Assets		1,82,19,24,067	1,72,70,43,801
EQUITY AND LIABILITIES			
Equity			
Equity share capital	2.08	69	65
Other equity	2.08	(4,01,84,34,532)	(3,83,80,44,333)
Total equity		(4,01,84,34,463)	(3,83,80,44,268)
LIABILITIES			
Non-current liabilities			
Other Non-current liabilities	2.09	52,87,17,809	50,75,43,003
Total Non-current liabilities		52,87,17,809	50,75,43,003
Current liabilities			
Financial liabilities			
Trade payables	2.10	63,70,90,875	71,87,90,680
Other Financial liabilities	2.11	4,59,24,54,587	4,24,17,04,745
Provisions	2.12	3,13,68,034	2,13,46,467
Other Current liabilities	2.13	5,07,27,225	7,57,03,174
Total Current liabilities		5,31,16,40,721	5,05,75,45,066
Total Liabilities		5,84,03,58,530	5,56,50,88,069
Total Equity and Liabilities		1,82,19,24,067	1,72,70,43,801
General Information			
Significant Accounting Policies	1.01		
Notes to the Financial Statements	1.02		
	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 USA Limited

Jitendra Sawjany
Partner
Membership No : 050980

Janet Troxell
Director

B K Sinha
Director

Place: Mumbai
Date: 22nd May 2019

Place:
Date: 21st May 2019

Place:
Date: 21st May 2019

FLAG Telecom Network USA Limited
Statement of Profit and loss for the year ended March 31, 2019

Particulars	Note	For the year ended March 31, 2019	Amount in ₹ For the year ended March 31, 2018
INCOME			
Revenue from operations	2.14	1,41,83,98,299	1,51,13,98,532
Other income	2.15	2,56,30,913	2,80,29,507
Total Income		1,44,40,29,212	1,53,94,28,039
EXPENSES			
Network operation expenses	2.16	67,41,17,376	81,10,36,324
Employee benefits expense	2.17	46,24,46,590	41,95,23,572
Finance costs	2.18	7,18,545	7,95,141
Depreciation and amortization expense	2.19	14,90,19,200	13,61,37,245
Other expenses	2.20	10,31,48,235	8,39,57,305
Total Expenses		1,38,94,49,946	1,45,14,49,587
Profit before tax		5,45,79,266	8,79,78,452
Tax Expense			
-Current Tax		-	-
Profit after tax		5,45,79,266	8,79,78,452
Other comprehensive income			
Items that may be subsequently reclassified to statement of profit or loss			
Currency translation		(23,49,69,465)	(1,85,87,178)
Total other comprehensive income for the year		(23,49,69,465)	(1,85,87,178)
Total comprehensive income for the year		(18,03,90,199)	6,93,91,274
Earnings per equity share:	2.22		
(1) Basic		5,45,79,266	8,79,78,452
(2) Diluted		5,45,79,266	8,79,78,452
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 USA Limited

Jitendra Sawjany
Partner
Membership No : 050980

Janet Troxell
Director

B K Sinha
Director

Place: Mumbai
Date: 22nd May 2019

Place:
Date: 21st May 2019

Place:
Date: 21st May 2019

FLAG Telecom Network USA Limited
Statement of Cash flows for the year ended March 31, 2019

Particulars	Amount in ₹	
	For the year ended March 31, 2019	For the year ended March 31, 2018
A) CASH FLOW FROM OPERATING ACTIVITIES:		
Profit before tax	5,45,79,266	8,79,78,452
Adjustments for:		
Depreciation and amortisation expense	14,90,19,200	13,61,37,245
Foreign Currency Translation and exchange movement (net)	(33,38,21,058)	(2,64,81,765)
	(13,02,22,592)	19,76,33,932
Changes in working capital		
Decrease / (Increase) in other non-current assets	-	10,02,748
Decrease / (Increase) in trade receivables	-	15,74,688
Decrease / (Increase) in other current assets	24,97,450	(9,34,038)
Decrease / (Increase) in other current financial assets	(9,31,19,776)	72,71,350
Decrease / (Increase) in other non-current financial assets	10,89,458	31,13,712
Increase / (Decrease) in other non-current liabilities	2,11,74,806	(66,76,841)
Increase / (Decrease) in trade payables	(8,16,99,805)	4,52,58,348
Increase / (Decrease) in other financial liabilities	35,07,49,842	(12,87,30,568)
Increase / (Decrease) in provisions	1,00,21,567	30,42,680
Increase / (Decrease) in other current liabilities	(2,49,75,949)	34,91,835
Cash generated from / (used in) operations	5,55,15,001	12,60,47,846
Income Taxes (Paid)/Refund	(1,60,86,499)	-
Net cash generated from / (used in) operating activities (A)	3,94,28,502	12,60,47,846
B) CASH FLOW FROM INVESTING ACTIVITIES:		
Purchase of property, plant and equipment and intangible assets (including capital work-in-progress)	(6,43,34,477)	(11,93,52,530)
Net cash generated from / (used in) investing activities (B)	(6,43,34,477)	(11,93,52,530)
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)	(2,49,05,975)	66,95,316
Cash and cash equivalents at the beginning of the year	3,50,69,534	2,83,74,218
Cash and cash equivalents at the end of the year (refer note 2.06)	1,01,63,559	3,50,69,534

As per our report of even date attached

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

Jitendra Sawjany
Partner
Membership No : 050980

Place: Mumbai
Date: 22nd May 2019

For Flag Telecom Network USA Limited

Janet Troxell
Director

Place:
Date: 21st May 2019

B K Sinha
Director

Place:
Date: 21st May 2019

FLAG Telecom Network USA Limited
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	65	(3,55,84,62,972)	(34,89,72,635)	(3,90,74,35,607)	(3,90,74,35,542)
Net Profit / (Loss) for the year	-	8,79,78,452	-	8,79,78,452	8,79,78,452
Foreign Exchange Movement	-	-	-	-	-
Currency translation	-	-	(1,85,87,178)	(1,85,87,178)	(1,85,87,178)
Balance as at March 31, 2018	65	(3,47,04,84,520)	(36,75,59,813)	(3,83,80,44,333)	(3,83,80,44,268)
Net Profit / (Loss) for the year	-	5,45,79,266	-	5,45,79,266	5,45,79,266
Foreign Exchange Movement	4	-	-	-	4
Currency translation	-	-	(23,49,69,465)	(23,49,69,465)	(23,49,69,465)
Balance as at March 31, 2019	69	(3,41,59,05,254)	(60,25,29,278)	(4,01,84,34,532)	(4,01,84,34,463)

*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 Network USA Limited

Jitendra Sawjany
Partner
Membership No : 050980

Janet Troxell
Director

B K Sinha
Director

Place: Mumbai
Date: 22nd May 2019

Place:
Date: 21st May 2019

Place:
Date: 21st May 2019

FLAG Telecom Network USA Limited

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

1.01 General Information

The Company is part of a multinational corporate organization. The company operates a global telecommunication network comprised of advanced fibre-optic cable systems and interfaces that are owned by, leased to, or otherwise available to the company.

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 liability to 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.

FLAG Telecom Network USA Limited

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

FLAG Telecom Network USA Limited

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

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:

FLAG Telecom Network USA Limited

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

- 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.

FLAG Telecom Network USA Limited

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

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.

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) 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.

q) 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.

r) Earnings Per Share

i) Basic earnings per share

FLAG Telecom Network USA Limited

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

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 USA 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	Leasehold Improvement	Computers	Furniture and fixtures	Total
Gross carrying value					
As at April 1, 2018	3,08,13,85,585	1,12,26,701	51,77,441	8,07,432	3,09,85,97,159
Additions	6,50,39,610	-	-	-	6,50,39,610
Deductions	(1,90,381)	-	-	-	(1,90,381)
Currency translation difference	18,74,63,150	6,85,573	3,16,167	49,307	18,85,14,197
As at March 31, 2019	3,33,36,97,964	1,19,12,274	54,93,608	8,56,739	3,35,19,60,585
Accumulated depreciation					
As at April 1, 2018	1,57,96,43,098	1,12,26,701	44,14,096	8,07,432	1,59,60,91,327
Depreciation for the year	11,55,27,014	-	1,92,438	-	11,57,19,452
Currency translation difference	9,52,05,602	6,85,573	2,67,459	49,307	9,62,07,941
As at March 31, 2019	1,79,03,75,714	1,19,12,274	48,73,993	8,56,739	1,80,80,18,720
Closing net carrying value as at March 31, 2019	1,54,33,22,250	-	6,19,615	-	1,54,39,41,865
Gross carrying value as at March 31, 2019	3,33,36,97,964	1,19,12,274	54,93,608	8,56,739	3,35,19,60,585
Accumulated depreciation	1,79,03,75,714	1,19,12,274	48,73,993	8,56,739	1,80,80,18,720
Closing net carrying value as at March 31, 2019	1,54,33,22,250	-	6,19,615	-	1,54,39,41,865

Particulars	Network Assets	Leasehold Improvement	Computers	Furniture and fixtures	Total
Gross carrying value					
As at April 1, 2017	2,94,72,99,630	1,11,70,718	42,83,476	8,03,406	2,96,35,57,230
Additions	11,79,80,797	-	8,62,739	-	11,88,43,536
Currency translation difference	1,61,05,158	55,983	31,226	4,026	1,61,96,393
As at March 31, 2018	3,08,13,85,585	1,12,26,701	51,77,441	8,07,432	3,09,85,97,159
Accumulated depreciation					
As at April 1, 2017	1,46,74,13,703	1,11,70,718	42,83,476	8,03,406	1,48,36,71,303
Depreciation for the year	10,37,02,296	-	1,07,932	-	10,38,10,228
Currency translation difference	85,27,099	55,983	22,688	4,026	86,09,796
As at March 31, 2018	1,57,96,43,098	1,12,26,701	44,14,096	8,07,432	1,59,60,91,327
Closing net carrying value as at March 31, 2018	1,50,17,42,487	-	7,63,345	-	1,50,25,05,832
Gross carrying value as at March 31, 2018	3,08,13,85,585	1,12,26,701	51,77,441	8,07,432	3,09,85,97,159
Accumulated depreciation	1,57,96,43,098	1,12,26,701	44,14,096	8,07,432	1,59,60,91,327
Closing net carrying value as at March 31, 2018	1,50,17,42,487	-	7,63,345	-	1,50,25,05,832

FLAG Telecom Network USA Limited
Notes forming part of the Financial Statements for the year ended March 31, 2019

2.02 Other intangible assets

Particulars	Amount in ₹	
	Indefeasible Right of Use	Total
Gross carrying value		
As at April 1, 2018	56,08,66,854	56,08,66,854
Additions	-	-
Currency translation difference	3,42,50,097	3,42,50,097
As at March 31, 2019	59,51,16,951	59,51,16,951
Accumulated amortisation		
As at April 1, 2018	45,96,18,130	45,96,18,130
Amortisation for the year	3,32,99,748	3,32,99,748
Currency translation difference	2,77,04,756	2,77,04,756
As at March 31, 2019	52,06,22,634	52,06,22,634
Closing net carrying value as at March 31, 2019	7,44,94,317	7,44,94,317
Gross carrying value as at March 31, 2019	59,51,16,951	59,51,16,951
Accumulated amortisation	52,06,22,634	52,06,22,634
Closing net carrying value as at March 31, 2019	7,44,94,317	7,44,94,317

Particulars	Indefeasible Right of Use	
	Indefeasible Right of Use	Total
Gross carrying value		
As at April 1, 2017	55,80,70,050	55,80,70,050
Additions	-	-
Currency translation difference	27,96,804	27,96,804
As at March 31, 2018	56,08,66,854	56,08,66,854
Accumulated amortisation		
As at April 1, 2017	42,47,96,541	42,47,96,541
Amortisation for the year	3,23,27,017	3,23,27,017
Currency translation difference	24,94,572	24,94,572
As at March 31, 2018	45,96,18,130	45,96,18,130
Closing net carrying value as at March 31, 2018	10,12,48,724	10,12,48,724
Gross carrying value as at March 31, 2018	56,08,66,854	56,08,66,854
Accumulated amortisation	45,96,18,130	45,96,18,130
Closing net carrying value as at March 31, 2018	10,12,48,724	10,12,48,724

FLAG Telecom Network USA Limited
Notes forming part of the Financial Statements for the year ended March 31, 2019

Particulars	Amount in ₹	
	As at March 31, 2019	As at March 31, 2018
2.03 Capital work-in-progress		
Balance at the beginning of the year	5,14,752	
Additions during the year	-	5,08,995
Less: Capitalised during the year:		
Property, plant and equipment	5,14,752	-
Currency translation difference		5,757
Balance at the closing of the year	-	5,14,752
2.04 Income tax asset (net)		
Non-current		
Income tax asset	1,60,86,499	-
Total	1,60,86,499	-
2.05 Other Financial Assets		
Non-current		
Deposits with banks	2,39,46,388	2,58,26,979
Rental Deposits	7,91,133	-
Total	2,47,37,521	2,58,26,979
Current		
Deposits	11,14,224	33,95,747
Advances to related parties	13,48,64,168	3,94,62,869
Total	13,59,78,392	4,28,58,616
2.06 Cash and cash equivalents		
Balance with banks		
- Current accounts	1,01,63,559	3,50,69,534
Total	1,01,63,559	3,50,69,534
2.07 Other Current assets		
Prepaid expenses	1,65,10,691	62,25,802
Advance for supply of goods and rendering of services	11,223	1,27,93,562
Total	1,65,21,914	1,90,19,364

FLAG Telecom Network USA Limited
Notes forming part of the Financial Statements for the year ended March 31, 2019

2.08 Equity
Share capital

	As at March 31, 2019	Amount in ₹ As at March 31, 2018
Authorised: 3000 (3000) shares of US\$ 1 each	2,07,465	1,95,525
Issued, subscribed & fully paid up: 1 (1) share of US\$ 1 each	69	65
Total	69	65

i. Movement in share capital

	No. of Shares	Amount in ₹
As at April 1, 2017	1	65
Issued during the year	-	-
Foreign Exchange Movement	-	-
As at March 31, 2018	1	65
Issued during the year	-	-
Foreign Exchange Movement	-	4
As at March 31, 2019	1	69

ii. Rights, preferences and restriction attached to the shares

The Company has shares having a par value of USD 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 Ireland Network DAC	1	1
	1	1

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 Ireland Network DAC	1	1
No. of Shares	100%	100%
Shareholding %		
Other equity		
	As at March 31, 2019	As at March 31, 2018
a) Reserves and surplus	(3,41,59,05,254)	(3,47,04,84,520)
b) Other reserves	(60,25,29,278)	(36,75,59,813)
Total	(4,01,84,34,532)	(3,83,80,44,333)

a) Reserves and surplus
Retained earnings

	As at March 31, 2019	As at March 31, 2018
Opening balance	(3,47,04,84,520)	(3,55,84,62,972)
Net Profit / (Loss) for the year	5,45,79,266	8,79,78,452
Closing balance	(3,41,59,05,254)	(3,47,04,84,520)

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	(36,75,59,813)	(34,89,72,635)
Currency translation differences during the year	(23,49,69,465)	(1,85,87,178)
Closing balance	(60,25,29,278)	(36,75,59,813)

FLAG Telecom Network USA Limited
Notes forming part of the Financial Statements for the year ended March 31, 2019

Particulars	Amount in ₹	
	As at March 31, 2019	As at March 31, 2018
2.09 Other Non-current liabilities		
Deferred revenue	52,87,17,809	50,75,43,003
Total	52,87,17,809	50,75,43,003
2.10 Trade payables		
Trade payables	1,84,93,560	6,40,08,985
Trade accruals	61,85,97,315	65,47,81,695
Total	63,70,90,875	71,87,90,680
2.11 Other Financial liabilities		
Capital creditors	1,63,87,243	1,85,22,724
Due to related parties	4,57,60,67,344	4,22,31,82,021
Total	4,59,24,54,587	4,24,17,04,745
2.12 Provisions		
Provision for employee benefit obligation	3,13,68,034	2,13,46,467
Total	3,13,68,034	2,13,46,467
2.13 Other Current liabilities		
Employee payables	3,93,76,491	6,45,29,507
Statutory liabilities	15,31,747	14,11,417
Deferred revenue	98,18,987	97,62,250
Total	5,07,27,225	7,57,03,174

FLAG Telecom Network USA Limited
Notes forming part of the Financial Statements for the year ended March 31, 2019

Particulars	Amount in ₹	
	For the year ended March 31, 2019	For the year ended March 31, 2018
2.14 Revenue from operations		
Indefeasible right of use	99,27,048	13,48,20,078
Operation and maintenance charges	(22,45,625)	66,45,372
Network service revenue	1,41,07,16,876	1,36,99,33,082
Total	1,41,83,98,299	1,51,13,98,532
2.15 Other Income		
Interest Income	2,84,108	92,862
Interest Income received on Income Tax Refund	12,645	-
Gain on foreign exchange fluctuation (net)	-	6,24,219
Provision/ Liabilities written back to the extent no longer required	2,49,78,024	2,45,05,809
Miscellaneous income	3,56,136	28,06,617
Total	2,56,30,913	2,80,29,507
2.16 Network operation expenses		
Equipment maintenance and support	7,91,546	-
Marine cable operations	1,74,788	-
Landing stations and point of presence costs	35,24,46,402	36,95,58,609
Terrestrial cable, inland amplifier and regenerator sites	9,31,62,498	13,06,34,569
Local tails	22,22,05,747	29,22,51,500
Internet protocol	53,36,395	1,85,91,646
Total	67,41,17,376	81,10,36,324
2.17 Employee benefits expense		
Salaries, wages and bonus	43,85,30,140	39,23,22,535
Contribution to Provident and other funds	34,09,541	39,00,127
Staff welfare expenses	2,05,06,909	2,33,00,910
Total	46,24,46,590	41,95,23,572
2.18 Finance costs		
Interest and financial charges	7,18,545	7,95,141
Total	7,18,545	7,95,141
2.19 Depreciation and amortization expense		
Depreciation on Tangible assets	11,57,19,452	10,38,10,228
Amortisation of Intangible assets	3,32,99,748	3,23,27,017
	14,90,19,200	13,61,37,245
2.20 Other expenses		
Rent	1,77,42,301	1,98,42,604
Insurance	27,74,467	10,77,500
Rates and taxes	24,07,334	18,53,098
Legal fees	2,50,045	2,06,295
Professional charges	1,60,08,901	61,80,981
Licensing and regulatory fees	1,62,03,536	1,06,66,067
Travel and entertainment	3,60,50,014	3,06,54,424
Communication	73,77,230	67,18,417
Information technology support	61,795	17,46,608
Bank charges	4,95,806	4,57,235
Selling and marketing	51,841	11,00,164
Facility usage charges	23,63,542	17,85,406
Impairment of Trade Receivables	-	4,64,011
Loss on foreign exchange fluctuation (net)	1,330	-
Miscellaneous expense	13,60,093	12,04,495
Total	10,31,48,235	8,39,57,305

FLAG Telecom Network USA Limited

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

2.21 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.

2.22 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	5,45,79,266	8,79,78,452
B	Weighted average number of share of USD 1 each used as denominator for calculating Basic and Diluted EPS	1	1
C	Basic and Diluted Earnings/ (Loss) per Share (A/B)	5,45,79,266	8,79,78,452

2.23 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.

2.24 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 Network USA Limited

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. FLAG Telecom Japan Limited
- ii. FLAG Telecom Ireland Network DAC
- iii. Reliance Globalcom Limited
- iv. FLAG Telecom Singapore Pte. Limited
- v. Reliance FLAG Atlantic France SAS
- vi. Reliance FLAG Telecom Ireland DAC
- vii. FLAG Atlantic UK Limited
- viii. FLAG Telecom Asia Limited
- ix. Vanco US LLC
- x. Reliance Globalcom Services Inc
- xi. Reliance Communications Inc
- xii. Reliance Communications International Inc

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	1,41,07,16,876	1,36,99,33,082
Fellow subsidiaries	-	12,56,69,700
Total	1,41,07,16,876	1,36,99,33,082

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	2,85,170	26,28,556
Total	2,85,170	26,28,556

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

FLAG Telecom Network USA Limited

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

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Other expenses		
Parent company	-	-
Fellow subsidiaries	7,01,085	6,31,571
Total	7,01,085	6,31,571

Amount in ₹

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

Particulars	As at March 31, 2019	As at March 31, 2018
Advances to vendors		
Parent company	-	-
Fellow subsidiaries	-	1,27,93,562
Total	-	1,27,93,562

Particulars	As at March 31, 2019	As at March 31, 2018
Trade Payables		
Parent company	-	-
Fellow subsidiaries	76,21,077	1,04,25,689
Total	76,21,077	1,04,25,689

The payables from related parties arise mainly from purchase transactions and are due 1-2 months after the date of purchase. The payables bear no interest.

Particulars	As at March 31, 2019	As at March 31, 2018
Advance to related parties		
Parent company	-	-
Fellow subsidiaries	13,48,64,168	3,94,62,869
Total	13,48,64,168	3,94,62,869

Particulars	As at March 31, 2019	As at March 31, 2018
Due to related parties		
Parent company	4,50,96,84,964	4,18,03,19,784
Fellow subsidiaries	6,63,82,380	4,28,62,237
Total	4,57,60,67,344	4,22,31,82,021

FLAG Telecom Network USA Limited

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

2.25 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 USA Limited

Jitendra Sawjany

Partner

Membership No : 050980

Janet Troxell

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 FLAG Telecom Group Services Limited

Report on the Ind AS Financial Statements

Opinion

We have audited the accompanying standalone Ind AS financial statements of **FLAG Telecom Group Services 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 Sawjany
Partner
Membership No.050980

Place: Mumbai
Date: 22nd May 2019

FLAG Telecom Group Services 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			
Investments	2.01	76,07,05,021	71,69,25,000
Total Non-current assets		76,07,05,021	71,69,25,000
Current assets			
Financial assets			
Loans	2.02	6,59,67,99,507	6,21,71,41,318
Total Current assets		6,59,67,99,507	6,21,71,41,318
Total Assets		7,35,75,04,528	6,93,40,66,318
EQUITY AND LIABILITIES			
Equity			
Equity share capital	2.03	69	65
Other equity	2.03	6,91,10,28,560	6,51,78,83,606
Total equity		6,91,10,28,629	6,51,78,83,671
Liabilities			
Non-current liabilities			
Financial liabilities			
Borrowings	2.04	6,52,12,867	6,14,59,745
Total Non-current liabilities		6,52,12,867	6,14,59,745
Current liabilities			
Financial liabilities			
Trade payables	2.05	64,60,640	1,30,88,787
Other financial liabilities	2.06	37,48,02,392	34,16,34,115
Total Current liabilities		38,12,63,032	35,47,22,902
Total Liabilities		44,64,75,899	41,61,82,647
Total Equity and Liabilities		7,35,75,04,528	6,93,40,66,318
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 Group Services Limited

Jitendra Sawjany
Partner
Membership No : 050980

Janet Troxell
Director

Janice Gutteridge
Director

Place: Mumbai
Date: 22nd May 2019

Place:
Date: 21st May 2019

Place:
Date: 21st May 2019

FLAG Telecom Group Services Limited
Statement of Profit and loss for the year ended March 31, 2019

Particulars	Note	Amount in ₹	
		For the year ended March 31, 2019	For the year ended March 31, 2018
INCOME			
Other income	2.07	-	-
Total Income		-	-
EXPENSES			
Other expenses	2.08	49,32,154	1,89,99,905
Total Expenses		49,32,154	1,89,99,905
Profit / (Loss) before tax		(49,32,154)	(1,89,99,905)
Tax expense			
-Current tax		-	-
Profit / (Loss) after tax		(49,32,154)	(1,89,99,905)
Other comprehensive income			
Items that may be subsequently reclassified to statement of profit or loss			
Currency translation		39,80,77,108	3,23,82,805
Total other comprehensive income for the year		39,80,77,108	3,23,82,805
Total comprehensive income for the year		39,31,44,954	1,33,82,900
Earning/(Loss) per equity share	2.10		
(1) Basic		(49,32,154)	(1,89,99,905)
(2) Diluted		(49,32,154)	(1,89,99,905)
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 Group Services Limited

Jitendra Sawjany
Partner
Membership No : 050980

Janet Troxell
Director

Janice Gutteridge
Director

Place: Mumbai
Date: 22nd May 2019

Place:
Date: 21st May 2019

Place:
Date: 21st May 2019

FLAG Telecom Group Services Limited
Cash Flow Statement for the year ended March 31, 2019

Particulars	Amount in ₹	
	For the year ended March 31, 2019	For the year ended March 31, 2018
A) CASH FLOW FROM OPERATING ACTIVITIES:		
Loss Before Tax	(49,32,154)	(1,89,99,905)
Adjustments for:		
Foreign currency translation and exchange movement (Net)	35,42,97,091	2,88,07,805
	34,93,64,937	98,07,900
Changes in Working Capital		
Decrease / (Increase) in other current assets	-	-
Decrease / (Increase) in other financial liabilities	3,31,68,277	1,85,82,937
Increase / (Decrease) in trade payables	(66,28,147)	13,16,938
Cash generated from / (used in) Operations	37,59,05,067	2,97,07,775
Income tax (Paid) / Refund	-	-
Net Cash used in Operating Activities (A)	37,59,05,067	2,97,07,775
B) CASH FLOW FROM INVESTING ACTIVITIES:		
Loan to Related Party (Net)	(37,59,05,067)	(2,97,07,775)
Net Cash generated from Investing Activities (B)	(37,59,05,067)	(2,97,07,775)
C) CASH FLOW FROM FINANCING ACTIVITIES:		
Net Cash Generated from Financing Activities (C)	-	-
Net Increase / (Decrease) in Cash and Cash Equivalents (A+B+C)	-	-
Add: 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 Group Services Limited

Jitendra Sawjany
Partner
Membership No : 050980

Janet Troxell
Director

Janice Gutteridge
Director

Place: Mumbai
Date: 22nd May 2019

Place:
Date: 21st May 2019

Place:
Date: 21st May 2019

FLAG Telecom Group Services 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	Reserves and Surplus	Other Comprehensive income			
		Retained Earnings	Others	Foreign Exchange Translation Reserve*		
Balance as at April 1, 2017	65	(32,23,05,54,331)	41,06,31,05,602	(2,32,80,50,565)	6,50,45,00,706	6,50,45,00,771
Net Loss for the year	-	(1,89,99,905)	-	-	(1,89,99,905)	(1,89,99,905)
Other Comprehensive Income						
Currency translation	-	-	-	3,23,82,805	3,23,82,805	3,23,82,805
Foreign exchange movement		-	-	-	-	-
Balance as at March 31, 2018	65	(32,24,95,54,236)	41,06,31,05,602	(2,29,56,67,760)	6,51,78,83,606	6,51,78,83,671
Net Loss for the year	-	(49,32,154)	-	-	(49,32,154)	(49,32,154)
Other Comprehensive Income						
Currency translation	-	-	20,57,90,429	19,22,86,679	39,80,77,108	39,80,77,108
Foreign exchange movement	4	-	-	-	-	4
Balance as at March 31, 2019	69	(32,25,44,86,390)	41,26,88,96,031	(2,10,33,81,081)	6,91,10,28,560	6,91,10,28,629

*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 Group Services Limited

Jitendra Sawjany
Partner
Membership No : 050980

Janet Troxell
Director

Janice Gutteridge
Director

Place: Mumbai
Date: 22nd May 2019

Place:
Date: 21st May 2019

Place:
Date: 21st May 2019

FLAG Telecom Group Services Limited

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

1.01 General Information

The Company is part of a multinational corporate organization. The company operates a global telecommunication network comprised of advanced fibre-optic cable systems and interfaces that are owned by, leased to, or otherwise available to the company.

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 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 liability to 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.

FLAG Telecom Group Services Limited

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

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

FLAG Telecom Group Services Limited

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

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) 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.

FLAG Telecom Group Services Limited

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

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 recognized in the year in which the results are known / materialized.

FLAG Telecom Group Services Limited

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

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

Particulars	Amount in ₹	
	As at March 31, 2019	As at March 31, 2018
2.01 Investments		
Non-current		
Investment in Subsidiaries:		
(Unquoted , Non Trade)		
110072000 (110072000) Ordinary shares of Reliance Vanco Group Limited of	76,07,05,021	71,69,25,000
GBP 0.001 each and 200000 (200000) Redeemable Preference shares of		
Reliance Vanco Group Limited of GBP 1 each	76,07,05,021	71,69,25,000
Total	76,07,05,021	71,69,25,000
2.02 Loans		
Unsecured considered good:		
Loans to related parties	6,59,67,99,507	6,21,71,41,318
Total	6,59,67,99,507	6,21,71,41,318

Particulars	As at March 31, 2019	Amount in ₹ As at March 31, 2018
2.03 Equity		
Share capital		
Authorised		
10,000(10,000) ordinary shares of US\$ 1 each	6,51,750	6,51,750
Total	<u>6,51,750</u>	<u>6,51,750</u>

Issued, subscribed & fully paid up
1(1) ordinary shares of US\$ 1 each fully paid up

Total	<u>69</u>	<u>65</u>
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i. Movement in share capital

	No. of Shares	Amount in ₹
As at April 1, 2017	1	65
Issued during the year	-	-
Foreign exchange movement	-	-
As at March 31, 2018	<u>1</u>	<u>65</u>
Issued during the year	-	-
Foreign exchange movement	-	4
As at March 31, 2019	<u>1</u>	<u>69</u>

ii. Rights, preferences and restriction attached to the shares

The Company has only ordinary shares (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.

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

	As at March 31, 2019	As at March 31, 2018
a) GCX Limited	1	1
Total	<u>1</u>	<u>1</u>

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

Date: :	Ordinary Shares	As at March 31, 2019 Date: 21st May 2019	As at March 31, 2018
i) GCX Limited	No. of Shares Shareholding %	1 100%	1 100%

Other equity

a) Reserves & surplus	(32,25,44,86,390)	(32,24,95,54,236)
b) Other reserves	39,16,55,14,950	38,76,74,37,842
Total	<u>6,91,10,28,560</u>	<u>6,51,78,83,606</u>

a) Reserves and surplus

Retained earnings

Opening balance	(32,24,95,54,236)	(32,23,05,54,331)
Net loss for the year	(49,32,154)	(1,89,99,905)

Total	<u>(32,25,44,86,390)</u>	<u>(32,24,95,54,236)</u>
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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	(2,29,56,67,760)	(2,32,80,50,565)
Currency translation differences during the year	19,22,86,679	3,23,82,805
Total	<u>(2,10,33,81,081)</u>	<u>(2,29,56,67,760)</u>

ii) Others

Opening balance	41,06,31,05,602	41,06,31,05,602
Currency translation differences during the year	20,57,90,429	-

Total	<u>41,26,88,96,031</u>	<u>41,06,31,05,602</u>
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FLAG Telecom Group Services Limited
Notes Forming part of the Financial Statements for the year ended March 31, 2019

Particulars	Amount in ₹	
	As at March 31, 2019	As at March 31, 2018
2.04 Borrowings		
Unsecured:		
Loan from related parties	6,52,12,867	6,14,59,745
Total	6,52,12,867	6,14,59,745
2.05 Trade payables		
Trade accruals	64,60,640	1,30,88,787
Total	64,60,640	1,30,88,787
2.06 Other Financial liabilities		
Due to related parties	37,48,02,392	34,16,34,115
Total	37,48,02,392	34,16,34,115

FLAG Telecom Group Services Limited**Notes Forming part of the Financial Statements for the year ended March 31, 2019**

Particulars	Amount in ₹	
	For the year ended March 31, 2019	For the year ended March 31, 2018
2.07 Other Income		
Miscellaneous Income	-	-
Total	-	-
2.08 Other expenses		
Payment to auditors	49,32,154	1,29,47,781
Professional charges	-	3,53,191
Legal Fee	-	56,98,933
Total	49,32,154	1,89,99,905

FLAG Telecom Group Services Limited

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 for the year attributable to shareholders	(49,32,154)	(1,89,99,905)
B	Weighted average number of share of Euro 1 each used as denominator for calculating Basic and Diluted EPS	1	1
C	Basic and Diluted Earnings per Share (A/B)	(49,32,154)	(1,89,99,905)

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:

FLAG Telecom Group Services 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 BV
 - iii. GCX Limited
- (b) **List of subsidiaries**
- i. Reliance Vanco Group Limited
- (c) **Enterprises as affiliated companies are:**
- i. Reliance Globalcom Limited
 - ii. Reliance Vanco Group Limited
 - iii. Vanco US LLC
 - iv. Vanco Solutions Inc.

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

Particulars	As at	As at
	March 31, 2019	March 31, 2018
Due to related parties		
Fellow subsidiaries	37,48,02,392	34,16,34,115
Total	37,48,02,392	34,16,34,115

(e) **Loans from related parties**

Particulars	As at	As at
	March 31, 2019	March 31, 2018
Fellow subsidiaries	6,52,12,867	6,14,59,745
As at March 31	6,52,12,867	6,14,59,745

(f) **Loans to related parties**

Loans to subsidiaries:

Particulars	As at	As at
	March 31, 2019	March 31, 2018
Subsidiaries	6,59,67,99,507	6,21,71,41,318
	6,59,67,99,507	6,21,71,41,318

FLAG Telecom Group Services Limited

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

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 Group Services Limited

Jitendra Sawjany

Partner

Membership Number: 050980

Place : Mumbai

Date : 22nd May 2019

Janet Troxell

Director

Place :

Date : 21st May 2019

Janice Gutteridge

Director

Place :

Date : 21st May 2019

Independent Auditors' Report

To the Board of FLAG Telecom Development Limited

Report on the Ind AS Financial Statements

Opinion

We have audited the accompanying standalone Ind AS financial statements of **FLAG Telecom Development 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 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.

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 7 of the Companies (Accounts) Rules, 2014 and the Companies (Accounting Standards) Amendment Rules, 2016.

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 Sawjany
Partner
Membership No.050980

Place: Mumbai
Date: 22nd May 2019

FLAG TELECOM DEVELOPMENT 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			
Investments	2.01	44,31,655	41,76,605
Total Non-current assets		44,31,655	41,76,605
Current assets			
Financial assets			
Other Financial assets	2.02	4,27,60,734	4,02,99,760
Total Current assets		4,27,60,734	4,02,99,760
Total Assets		4,71,92,389	4,44,76,365
EQUITY AND LIABILITIES			
Equity			
Share capital	2.03	8,29,884	7,82,122
Other equity	2.03	4,63,62,505	4,36,94,243
Total equity		4,71,92,389	4,44,76,365
Total Equity and Liabilities		4,71,92,389	4,44,76,365
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 Development Limited

Jitendra Sawjiyani
Partner
Membership No :050980

Rod Riley
Director

Place: Mumbai
Date: 22nd May 2019

Place:
Date: 21st May 2019

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

Particulars	Note	Amount in ₹	
		For the year ended March 31, 2019	For the year ended March 31, 2018
INCOME			
Total Income		-	-
EXPENSES			
Total Expenses		-	-
Profit / (Loss) before tax		-	-
Tax Expense			
-Current Tax		-	-
Profit / (Loss) after tax		-	-
Other comprehensive income			
Items that may be subsequently reclassified to statement of profit or loss			
Currency translation		26,68,262	2,17,886
Total other comprehensive income for the year		26,68,262	2,17,886
Total comprehensive income for the year		26,68,262	2,17,886
Earnings per equity share			
(1) Basic		-	-
(2) Diluted		-	-
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 Development Limited

Jitendra Sawjany
Partner
Membership No :050980

Rod Riley
Director

Place: Mumbai
Date: 22nd May 2019

Place:
Date: 21st May 2019

FLAG TELECOM DEVELOPMENT LIMITED
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	7,78,223	(6,48,96,10,706)	6,53,30,87,063	4,34,76,357	4,42,54,580
Currency translation	-	-	2,17,886	2,17,886	2,17,886
Foreign Exchange Movement	3,899	-	-	-	3,899
Balance as at March 31, 2018	7,82,122	(6,48,96,10,706)	6,53,33,04,949	4,36,94,243	4,44,76,365
Currency translation	-	-	26,68,262	26,68,262	26,68,262
Foreign Exchange Movement	47,762	-	-	-	47,762
Balance as at March 31, 2019	8,29,884	(6,48,96,10,706)	6,53,59,73,211	4,63,62,505	4,71,92,389

*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 Development Limited

Jitendra Sawjany
Partner
Membership No :050980

Rod Riley
Director

Place: Mumbai
Date: 22nd May 2019

Place:
Date: 21st May 2019

FLAG TELECOM DEVELOPMENT LIMITED

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

1.01 General Information

The Company is part of a multinational corporate organization. The Company operates a global telecommunication network comprised of advanced fiber-optic cable systems and interfaces that are owned by, leased to, or otherwise available to the Company.

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 liability to 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.

FLAG TELECOM DEVELOPMENT LIMITED

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

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.

FLAG TELECOM DEVELOPMENT LIMITED

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

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.

FLAG TELECOM DEVELOPMENT LIMITED

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

(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.

FLAG TELECOM DEVELOPMENT LIMITED

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

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) 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.

FLAG TELECOM DEVELOPMENT LIMITED

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

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.

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) 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.

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.

FLAG TELECOM DEVELOPMENT LIMITED**Notes forming part of the Financial Statements for the year ended March 31, 2019**

Particulars	As at	Amount in ₹
	March 31, 2019	As at March 31, 2018
2.01 Investments		
Investment in subsidiaries		
495 (495)Flag Telecom Development Services Company LLC, 100 Egyptian Pound per share	9,03,718	8,51,707
20 (20)Flag Telecom Network Services DAC, 1 Euro per Share	1,245	1,173
15,000 (15,000) Flag Telecom Hellas AE-Greece, 4 Euro per share	35,26,692	33,23,725
Total	44,31,655	41,76,605
2.02 Other Financial assets		
Advances to related parties	4,27,60,734	4,02,99,760
Total	4,27,60,734	4,02,99,760

FLAG TELECOM DEVELOPMENT LIMITED

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

2.03 Equity**Share capital****Authorised:**

12,000 (12000) Ordinary shares of par value US \$1 each

	Amount in ₹ As at
As at March 31, 2019	March 31, 2018
8,29,884	7,82,122

Issued, subscribed & fully paid up:

12,000 (12000) Ordinary shares of par value US \$1 each

8,29,884	7,82,122
-----------------	-----------------

Total

8,29,884	7,82,122
-----------------	-----------------

i. Movement in share capital

	No. of Shares	Amount in ₹
As at April 1, 2017	12,000	7,78,223
Issued during the year	-	-
Foreign Exchange Movement		3,899
As at March 31, 2018	12,000	7,82,122
Issued during the year	-	-
Foreign Exchange Movement		47,762
As at March 31, 2019	12,000	8,29,884

ii. Rights, preferences and restriction attached to the shares

The Company has only ordinary 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.

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

	As at March 31, 2019	As at March 31, 2018
Reliance Globalcom Limited	12,000	12,000
	12,000	12,000

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

	As at March 31, 2019	As at March 31, 2018
Ordinary Shares		
Reliance Globalcom Limited	12,000	12,000
No. of Shares	100%	100%
Shareholding %		

Other equity

	Amount in ₹
	As at
	As at
	March 31, 2018
As at	March 31, 2019
a) Reserves and surplus	(6,48,96,10,706)
b) Other Reserves	6,53,59,73,211
Total	4,36,94,243
	4,63,62,505

a) Reserves and surplus**Retained earnings**

	As at March 31, 2019	As at March 31, 2018
Opening balance	(6,48,96,10,706)	(6,48,96,10,706)
Net profit / (loss) for the year	-	-
Closing balance	(6,48,96,10,706)	(6,48,96,10,706)

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	6,53,33,04,949	6,53,30,87,063
Currency translation differences during the year	26,68,262	2,17,886
Closing balance	6,53,59,73,211	6,53,33,04,949

FLAG TELECOM DEVELOPMENT LIMITED

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

2.04 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.

2.05 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 Holdings (Taiwan) Limited

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

Particulars	Amount in ₹	
	As at March 31, 2019	As at March 31, 2018
Advance to related parties		
Parent company	3,96,23,665	3,73,43,236
Fellow subsidiaries	31,37,069	29,56,524
Total	4,27,60,734	4,02,99,760

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

For Shridhar & Associates

Chartered Accountants
Firm Registration No. : 134427W

For Flag Telecom Development Limited

Jitendra Sawjany

Partner
Membership No :050980

Place: Mumbai
Date: 22nd May 2019

Rod Riley

Director

Place:
Date: 21st May 2019

Independent Auditors' Report

To the Board of Yipes Holding Inc.

Report on the Ind AS Financial Statements

Opinion

We have audited the accompanying standalone Ind AS financial statements of **Yipes Holding 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.

On the basis of our audit it is noted that the current liabilities as at March 31, 2019 have exceeded the current assets by INR 19,50,171 which the company is unable to pay as per current financial positions. The company have insufficient funds to pay its debts.

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.

Other Reporting Requirements

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.

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.

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

Jitendra Sawjany
Partner
Membership No.050980

Place: Mumbai
Date: 22nd May, 2019

Yipes Holding Inc.

Balance Sheet as at March 31, 2019

Particulars	Notes	Amount in ₹	
		As at March 31, 2019	As at March 31, 2018
ASSETS			
Non Current Assets			
Financial Assets			
Other Financial Assets	2.01	-	-
Total non-current assets		-	-
Total Assets		-	-
EQUITY AND LIABILITIES			
Equity			
Equity Share capital	2.02	75	70
Other Equity	2.02	(1,950,246)	(1,316,605)
Total Equity		(1,950,171)	(1,316,535)
Liabilities			
Current Liabilities			
Financial Liabilities			
Trade and other payables	2.03	1,604,396	990,660
Other Current Liabilities	2.04	345,775	325,875
Total Current Liabilities		1,950,171	1,316,535
Total Liabilities		1,950,171	1,316,535
Total Equity and Liabilities		-	-
General Information			
General Information	1.01		
Significant Accounting Policies	1.02		
Notes to the Financial Statements	2.01 - 2.12		

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 Yipes Holdings Inc.

Jitendra Sawjany

Partner

Membership no. 050980

Place : Mumbai

Date : May 22, 2019

Janet Troxell

Director

Place :

Date : May 21, 2019

Yipes Holding Inc.

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

Particulars	Notes	Amount in ₹	
		For the year ended March 31, 2019	For the year ended March 31, 2018
Revenue			
Revenue from Operations	2.05	-	-
Other Income	2.06	-	-
Total Income		<u>-</u>	<u>-</u>
Expenses			
Other Expenses	2.07	<u>559,328</u>	<u>515,568</u>
Total Expenses		<u>559,328</u>	<u>515,568</u>
Profit/(Loss) before tax		<u>(559,328)</u>	<u>(515,568)</u>
Tax expenses:			
- Current tax		-	-
- Deferred tax		-	-
Profit /(Loss) After Tax		<u>(559,328)</u>	<u>(515,568)</u>
Other comprehensive income			
<i>Items that may be subsequently reclassified to Statement of Profit or Loss</i>			
Currency translation		<u>(1,257,541,678)</u>	<u>(102,692,432)</u>
Total comprehensive income for the year		<u>(1,258,101,006)</u>	<u>(103,208,000)</u>
Earnings per equity share			
Basic		(5,179)	(4,774)
Diluted		(5,179)	(4,774)
General Information	1.01		
Significant Accounting Policies	1.02		
Notes to the Financial Statements	2.01 - 2.12		

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 Yipes Holdings Inc.**Jitendra Sawjany**

Partner

Membership no. 050980

Place : Mumbai

Date : May 22, 2019

Janet Troxell

Director

Place :

Date : May 21, 2019

Yipes Holding Inc.

Cash Flow Statement for the year ended on 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:		
Net Profit/(Loss) before Taxation and Minority Interest	(559,328)	(1,474,823,112)
Adjustments for:		
Provision/Liabilities written back to the extent no longer required	-	(1,341,480)
Advances write-off	-	1,457,610,000
Exchange Fluctuation	(74,308)	18,025,313
	(74,308)	1,474,293,833
Operating Profit before Working Capital Changes		
Changes in working capital		
(Decrease) / Increase in Trade Payables	633,636	529,279
	633,636	529,279
Income taxes paid / refund	-	-
Net Cash (decrease)/ increase from Operating Activities (A)	-	-
B) CASH FLOW FROM INVESTING ACTIVITIES:		
Net Cash Used in Investing Activities (B)	-	-
C) CASH FLOW FROM FINANCING ACTIVITIES:		
Net Cash Used in Financing Activities (C)	-	-
Net (Decrease)/ Increase 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	-	-

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 Yipes Holdings Inc.**Jitendra Sawjany**

Partner

Membership no. 050980

Place : Mumbai

Date : May 22, 2019

Janet Troxell

Director

Place :

Date : May 21, 2019

Yipes Holding Inc.

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

Amount in ₹

Particulars	Equity Share Capital	Other Equity			Total other Equity	Total
		Reserves and Surplus		Other Comprehensive Income		
		Additional paid-in capital	Retained Earnings	Foreign Exchange Translation Reserve*		
Balance as at April 1, 2017	71	20,489,135,385	(19,848,054,951)	(641,871,675)	(791,241)	(791,170)
Foreign exchange movement	(1)	102,682,636	-	-	102,682,636	102,682,635
Currency translation	-	-	-	(102,692,432)	(102,692,432)	(102,692,432)
Loss during the year	-	-	(515,568)	-	(515,568)	(515,568)
Balance as at March 31, 2018	70	20,591,818,021	(19,848,570,519)	(744,564,107)	(1,316,605)	(1,316,535)
Foreign exchange movement	5	1,257,467,365	-	-	1,257,467,365	1,257,467,370
Currency Translation	-	-	-	(1,257,541,678)	(1,257,541,678)	(1,257,541,678)
Loss during the year	-	-	(559,328)	-	(559,328)	(559,328)
Balance as at March 31, 2019	75	21,849,285,386	(19,849,129,847)	(2,002,105,785)	(1,950,246)	(1,950,171)

*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 Yipes Holdings Inc.**Jitendra Sawjany**

Partner

Membership no. 050980

Place : Mumbai

Date : May 22, 2019

Janet Troxell

Director

Place :

Date : May 21, 2019

Yipes Holding Inc.

Notes on accounts to the Balance Sheet and Statement of Profit and Loss as on March 31, 2019

1.01 General Information

Yipes Holding Inc. ("Yipes" or the "Company") was incorporated in Delaware. On December 17, 2007, all of the issued and outstanding stock (including all vested stock options) of Yipes was acquired by FLAG Telecom USA Ltd. ("FLAG"), a wholly owned subsidiary of FLAG Telecom Group Services Limited.

1.02 Summary of Significant Accounting Policies

This note provides a list of the significant accounting policies adopted in the preparation of these financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

(A) Basis of preparation

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.

The financial statements comply in all material aspects with the Companies (Indian Accounting Standards) Rules, 2015 as notified by Ministry of Corporate Affairs, Government of India (as amended) to the extent applicable to the Ind AS financial statements. The financial statements have been prepared on a historical cost convention on accruals basis, except as disclosed in the accounting policies.

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 realisation 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

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.

Functional Currency and Presentation Currency

Initially, these financial statements are presented in Indian Rupee. Functional currency of the Company is USD.

(C) Financial Instruments

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

Yipes Holding Inc.

Notes on accounts to the Balance Sheet and Statement of Profit and Loss as on March 31, 2019

(a) 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.

Yipes Holding Inc.

Notes on accounts to the Balance Sheet and Statement of Profit and Loss as on March 31, 2019

(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) 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.

(E) Cash and cash equivalents

In the statement of cash flows, cash and cash equivalents includes cash in hand, bank balances and deposits, 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 (used for cash management purposes). In the Balance Sheet, bank overdrafts, if any, are shown as part of borrowings under current financial liabilities.

Cash and claims to cash that are restricted as to withdrawal or use in the ordinary course of business are disclosed separately as restricted cash, unless they are meant to be utilised for other than current operations, in which case they will be separately presented as restricted deposits under non-current assets.

(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, Contingent Liabilities and Contingent Assets

Provisions are recognised when the group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses. Provisions are measured at the present value of management's best estimate of the expenditure required to

Yipes Holding Inc.

Notes on accounts to the Balance Sheet and Statement of Profit and Loss as on March 31, 2019

settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as finance cost.

(H) Current and deferred income 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 recognised 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

YIEPS recognises 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 each of YIEPS 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 price reductions and rebates. YIEPS bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

In revenue arrangements including more than one deliverable, the arrangements are divided into separate units of accounting. Deliverables are considered separate units of accounting if the following two conditions are met: (1) the deliverable has value to the customer on a stand-alone basis and (2) there is evidence of the fair value of the item. The arrangement consideration is allocated to each separate unit of accounting based on its relative fair value.

(J) 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 group 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 other than the amount recognisable within one year is disclosed as deferred revenue in non-current liabilities and the amount recognisable within one year is disclosed as deferred revenue in current liabilities.

Yipes Holding Inc.

Notes on accounts to the Balance Sheet and Statement of Profit and Loss as on March 31, 2019

(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 the consolidated financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognised in the period 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 group
- 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.

Yipes Holding Inc.

Notes on accounts to the Balance Sheet and Statement of Profit and Loss as on March 31, 2019

Particulars	As at	Amount in ₹
	March 31, 2019	As at March 31, 2018

NOTE # 2.01 Trade and Other Receivables - Non Current

Current account balance with related parties

-	-
-	-

NOTE # 2.02 Equity

Authorised

1000 Equity Shares of US \$ 0.01 each

692	652
692	652

Issued Subscribed and Paid up:

108 Equity Shares of US \$ 0.01 each fully paid up

75	70
----	----

i. Movement in share capital

	No. of Shares	Amount in ₹
As at April 1, 2016	108	71
Issued during the year	-	-
Currency Translation	-	(1)
As at March 31, 2017	108	70
Issued during the year	-	-
Currency Translation	-	5
As at March 31, 2018	108	75

ii. Rights, preferences and restriction attached to the shares

The Company has only one class of equity shares having a par value of \$0.01 per share. Each holder of equity share 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 remaining assets of the Company. The distribution will be in proportion to the number of equity shares held by the shareholders.

a) Ordinary shares held by the Holding Company

	No. of Shares	No. of Shares
a) Flag Telecom Group Services Limited	108	108
b) Reliance Globalcom BV	-	-
	108	108

b) Details of shares held by shareholders holding more than 5% of the aggregate shares in the Company

	As at	As at
	March 31, 2019	March 31, 2018
Ordinary Shares		
Flag Telecom Group Services Limited		
No. of Shares	108	108
% of Holding	100%	100%

Yipes Holdings Inc.

Notes to Financial Statement for the year ended on March 31, 2019

Amount in ₹

Particulars	As at March 31, 2019	As at March 31, 2018
Additional Paid-in Capital	21,849,285,386	20,591,818,021
Retained Earnings	(19,849,129,847)	(19,848,570,519)
Other Reserve	(2,002,105,785)	(744,564,107)
	(1,950,246)	(1,316,605)

i) Additional Paid-in Capital	As at March 31, 2019	As at March 31, 2018
Opening balance	20,591,818,021	20,933,040,321
Addition during the year	-	-
Foreign exchange movement	1,257,467,365	102,682,636
Closing balance	21,849,285,386	20,591,818,021

ii) Retained Earnings	As at March 31, 2019	As at March 31, 2018
Opening balance	(19,848,570,519)	(19,848,054,951)
Profit (loss) during the year	(559,328)	(515,568)
Closing balance	(19,849,129,847)	(19,848,570,519)

iii) Other Reserve	As at March 31, 2019	As at March 31, 2018
Foreign Currency Translation Reserve		
Opening balance	(744,564,107)	(641,871,675)
Currency translation differences during the year	(1,257,541,678)	(102,692,432)
Closing balance	(2,002,105,785)	(744,564,107)

The foreign currency translation reserve comprises all foreign currency differences arising from the translation of the Local Currency financial statements to Indian Rupee.

	As at March 31, 2019	As at March 31, 2018
NOTE # 2.03 Trade and other payables		
Trade Accrual	1,604,396	990,660
	1,604,396	990,660

	As at March 31, 2019	As at March 31, 2018
NOTE # 2.04 Other current liabilities		
Current account balance with related parties	345,775	325,875
	345,775	325,875

Yipes Holding Inc.

Notes on accounts to the Balance Sheet and Statement of Profit and Loss as on March 31, 2019

Particulars	Amount in ₹	
	For the year ended March 31, 2019	For the year ended March 31, 2018
NOTE # 2.05 Revenue from Operations		
Internet Protocol / Ethernet Services	-	-
	-	-
NOTE # 2.06 Other Income		
Provision/Liabilities written back to the extent no longer required	-	-
	-	-
NOTE # 2.07 Other Expenses		
Audit Fees	559,328	515,568
Advance write-off	-	-
	559,328	515,568

Yipes Holding Inc.

Notes on accounts to the Balance Sheet and Statement of Profit and Loss as on March 31, 2019

Note # 2.10 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:

List of related parties:

(a) Parties where control exist:

- i) Reliance Communication Limited
- ii) FLAG Telecom Group Services Limited

(b) Related parties (Fellow Subsidiary) with whom transactions have taken place:

- i) Reliance Globalcom Limited

(c) Other Income

	Amount in ₹	
Particulars	As at March 31, 2019	As at March 31, 2018
Provision/Liabilities written back to the extent no longer required		
Fellow subsidiary	-	-
Total	-	-

(d) Other Expenses

	Amount in ₹	
Particulars	As at March 31, 2019	As at March 31, 2018
Provision/Liabilities written back to the extent no longer required		
Parent company	-	-
Total	-	-

(e) Year-end balances arising from sales/purchases of services and loan & Borrowings

Other Financial Liabilities

	Amount in ₹	
Particulars	As at March 31, 2019	As at March 31, 2018
Other current liabilities		
Fellow subsidiary	345,775	325,875
Total	345,775	325,875

Yipes Holding Inc.

Notes on accounts to the Balance Sheet and Statement of Profit and Loss as on March 31, 2019

Note 2.08 Segment Reporting

The Company has determined its business segment as telecommunication network unit taking into account the nature of services provided, class of customers for the services provided, the differing risks and returns and the internal business reporting systems. Since 100% of the business of Company is from telecommunication network unit, there are no other reportable segments.

The segment revenue, segment result, total carrying amount of segment assets, total amount of segment liabilities, total cost incurred during the year to acquire segments assets, segment depreciation and amortisation for the year are reflected within the financial statements of the Company as of and for the year ended March 31, 2019.

Substantial network assets are located across geographic territories and therefore not identifiable to any particular geographical segment.

Note 2.09 Earnings per share

		Amount in INR except No shares	
Particulars		Year ended March 31, 2019	Year ended March 31, 2018
A	Profit/(Loss) attributable to Equity Shareholders	(559,328)	(5,15,568)
B	Weighted average number of share of USD 0.01 each used as denominator for calculating Basic and Diluted EPS	108	108
C	Basic and Diluted Earnings per Share (A/B)	(5,179)	(4,774)

Yipes Holding Inc.

Notes on accounts to the Balance Sheet and Statement of Profit and Loss as on March 31, 2019

Note 2.11 Foreign Exchange Translation

The amounts relating to Balance Sheet items appearing in Indian Rupees have been translated at Closing Rate of 1 USD = ₹ 69.1550 (March 31, 2018 1 USD = ₹ 65.175) and items relating to profit and loss have been translated at average rate of 1 USD = ₹ 69.9160 (Previous Year 1 USD = ₹ 64.446).

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

Note 2.12

Prior Period Comparatives have been classified, wherever required to confirm with the current year's presentations.

As per our report of even date attached

For Shridhar & Associates

Chartered Accountants

Firm Registration No 134427W

For Yipes Holding Inc.

Jitendra Sawjany

Partner

Membership No :050980

Place : Mumbai

Date : May 22, 2019

Janet Troxell

Director

Place :

Date : May 21, 2019

Independent Auditors' Report

To the Board of Reliance Globalcom Services Inc.

Report on the Ind AS Financial Statements

Opinion

We have audited the accompanying standalone Ind AS financial statements of **Reliance Globalcom Services 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.

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.

In 2016-17, RGSi sold its Yipes customer contracts and certain other related assets to Onyx NewCo LLC, a newly formed Delaware subsidiary of RCOM ("SaleCo"). Simultaneously, all of the outstanding interests held by the Company in SaleCo were transferred to GTT Americas LLC, a wholly-owned subsidiary of GTT Communications Inc., an established, publicly listed U.S. carrier that provides domestic and international communication services. RGSi and GTT continues to work closely together to ensure a seamless network and accounts migration process.

In previous year (2017-18) the total sales collected through RGSi only and then repaid to GTT.

In current year (2018-19) only some pending payables to GTT. Hence no revenue is booked in the year.

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.

Other Reporting Requirements

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.

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.

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

Jitendra Sawjany
Partner
Membership No.050980

Place: Mumbai
Date: 22nd May, 2019

RELIANCE GLOBALCOM SERVICES INC.

Balance Sheet as at March 31, 2019

Balance sheet as at March 31, 2019

Particulars	Notes	(Amount in ₹)	
		As at March 31, 2019	As at March 31, 2018
ASSETS			
Non Current Assets			
Property, Plant and Equipment	2.01	-	-
Capital Work-in-Progress	2.02	-	-
Goodwill	2.03	-	-
Other Intangible Assets	2.03	-	-
Investments	2.04	69	65
Financial Assets			
Other Financial Assets	2.05	18,254,870	18,786,509
Other Non-Current Assets	2.06	-	-
Total non-current assets		18,254,939	18,786,574
Current assets			
Financial Assets			
Trade Receivables	2.07	-	-
Loan	2.08	583,962,408	634,955,706
Other Financial Assets	2.09	345,775	325,875
Cash and Cash Equivalents (excluding bank overdrafts)	2.10	18,215,201	1,719,704
Other Current Assets	2.11	-	28,784,275
Total Current Assets		602,523,384	665,785,560
Total Assets		620,778,323	684,572,134
EQUITY AND LIABILITIES			
Equity			
Equity Share capital	2.12	69	65
Other Equity	2.12	495,914,193	474,633,961
Total Equity		495,914,262	474,634,026
Liabilities			
Non Current Liabilities			
Financial Liabilities			
Borrowings	2.13	-	-
Other Non-Current Liabilities	2.14	-	-
Total Non-Current Liabilities		-	-
Current Liabilities			
Financial Liabilities			
Current Borrowings	2.15	-	-
Trade Payables	2.16	117,142,233	190,340,708
Other Financial Liabilities	2.17	5,992,953	-
Other Current Liabilities (Net)	2.18	1,728,875	19,597,400
Provisions	2.19	-	-
Income Tax Liabilities (Net)	2.20	-	-
Total Current Liabilities		124,864,061	209,938,108
Total Liabilities		124,864,061	209,938,108
Total Equity and Liabilities		620,778,323	684,572,134
General Information			
	1.01		
Significant Accounting Policies			
	1.02		
Notes on Accounts			
	2.01 - 2.27		

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 Services Inc.**Jitendra Sawjany**

Partner

Membership No :050980

Place : Mumbai

Date : May 22, 2019

Janet Troxell

Director

Place :

Date : May 21, 2019

RELIANCE GLOBALCOM SERVICES INC.**Statement of Profit & 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
Revenue			
Revenue from Operations	2.21	-	125,669,700
Other Income	2.22	8,404,410	498,983,311
Total Income		8,404,410	624,653,011
Expenses			
Network Operation Expenses	2.23	-	125,669,700
Employee Benefits Expenses	2.24	-	6,853,315
Finance Costs	2.25	-	26,804,485
Depreciation, Impairment and Amortisation	2.01	-	63,149,845
Sales and General Administration Expenses	2.26	16,191,784	24,203,207
Total Expenses		16,191,784	246,680,552
Profit/(Loss) before tax		(7,787,374)	377,972,459
Tax Expenses			
- Current tax		-	-
- Deferred tax		-	-
Profit /(Loss) After Tax		(7,787,374)	377,972,459
Other Comprehensive Income			
Items that may be subsequently reclassified to Statement of Profit and Loss			
Currency Translation		(1,140,839,762)	(90,796,564)
Total Comprehensive Income for the year		(1,148,627,136)	287,175,895
Earnings per equity share			
2.28			
Basic		(7,787,374)	377,972,459
Diluted		(7,787,374)	377,972,459
General Information	1.01		
Significant Accounting Policies	1.02		
Notes on Accounts	2.01 - 2.27		

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 Services Inc.

Jitendra Sawjany

Partner

Membership No :050980

Place : Mumbai

Date : May 22, 2019

Janet Troxell

Director

Place :

Date : May 21, 2019

RELIANCE GLOBALCOM SERVICES INC.**Cash Flow Statement for the year ended on March 31, 2019**

Particulars	(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 Taxation and Minority Interest	(7,787,374)	377,972,459
Adjustments for:		
Exchange fluctuation	29,067,606	(17,574,615)
Depreciation, impairment and amortisation	-	63,149,845
Interest income	(50,861)	(94,861)
Reversal of provision for doubtful debts (net)	-	-
Gain on cancellation of finance lease liability	-	-
Provision/Liabilities written back to the extent no longer required	(6,288,014)	(474,019,462)
	22,728,731	(428,539,093)
Operating Profit before Working Capital Changes		
Changes in working capital		
Decrease / (Increase) in Trade Receivables	-	-
Decrease / (Increase) in Trade and Other Receivables	29,296,014	872,733,135
Increase / (Decrease) in Trade Payables	(73,198,475)	(238,851,420)
Increase / (Decrease) in Other Liabilities	(5,587,558)	376,488,172
	(49,490,019)	1,010,369,887
Income taxes (paid) / refund	-	-
Net Cash generated from Operating Activities (A)	(34,548,662)	959,803,253
B) CASH FLOW FROM INVESTING ACTIVITIES:		
Loan given to related parties	50,993,298	(285,101,659)
Interest received	50,861	94,861
Net Cash used in Investing Activities (B)	51,044,159	(285,006,798)
C) CASH FLOW FROM FINANCING ACTIVITIES:		
Principal payments under capital lease obligations	-	(790,075,540)
Short term borrowing	-	-
Net Cash used in Financing Activities (C)	-	(790,075,540)
Net (Decrease) / Increase in Cash and Cash Equivalents (A+B+C)	16,495,497	(115,279,085)
Cash and Cash Equivalents at the beginning of the year	1,719,704	116,998,789
Cash and Cash Equivalents at the end of the year	18,215,201	1,719,704

As per our report of even date attached

For Shridhar & Associates

Chartered Accountants

Firm Registration No 134427W

For Reliance Globalcom Services Inc.**Jitendra Sawjany**

Partner

Membership No :050980

Place : Mumbai

Date : May 22, 2019

Janet Troxell

Director

Place :

Date : May 21, 2019

RELIANCE GLOBALCOM SERVICES INC.

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

(Amount in ₹)

Particulars	Equity	Other Equity			Total other Equity	Total Equity
		Reserves and Surplus		Other Comprehensive Income		
	Share capital	Additional Paid-in Capital	Retained Earnings	Foreign Exchange Translation Reserve*		
Balance at April 1, 2017	67	19,062,435,375	(17,796,719,889)	(1,173,790,057)	91,925,429	91,925,496
Foreign exchange movement	(2)	95,532,637	-	-	95,532,637	95,532,635
Currency Translation	-	-	-	(90,796,564)	(90,796,564)	(90,796,564)
Profit during the year	-	-	377,972,459	-	377,972,459	377,972,459
Balance as at March 31, 2018	65	19,157,968,012	(17,418,747,430)	(1,264,586,621)	474,633,961	474,634,026
Foreign exchange movement	4	1,169,907,368	-	-	1,169,907,368	1,169,907,372
Currency Translation	-	-	-	(1,140,839,762)	(1,140,839,762)	(1,140,839,762)
Profit during the year	-	-	(7,787,374)	-	(7,787,374)	(7,787,374)
Balance as at March 31, 2019	69	20,327,875,380	(17,426,534,804)	(2,405,426,383)	495,914,193	495,914,262

*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 Services Inc.

Jitendra Sawjany

Partner

Membership No :050980

Place : Mumbai

Date : May 22, 2019

Janet Troxell

Director

Place :

Date : May 21, 2019

RELINACE GLOBALCOM SERVICES INC.

Notes on accounts to the Balance Sheet and Statement of Profit and Loss as on March 31, 2019

1.1 General Information

Reliance Globalcom Services Inc. (RGSI) was providing global fibre-optic network that offers instantly scalable Ethernet Services to a broad range of business and government customers. During financial year 2016-17, RGSI sold its customer contracts and certain assets and liabilities of RGSI Ethernet Division. Remaining assets were sold during financial year 2017-18. There are no assets left for sale and no revenue was booking during the current financial year.

1.2 Summary of Significant Accounting Policies

This note provides a list of the significant accounting policies adopted in the preparation of these financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

(A) Basis of preparation

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.

The financial statements comply in all material aspects with the Companies (Indian Accounting Standards) Rules, 2015 as notified by Ministry of Corporate Affairs, Government of India (as amended) to the extent applicable to the Ind AS financial statements. The financial statements have been prepared on a historical cost convention on accruals basis, except as disclosed in the accounting policies.

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 realisation 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

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.

Functional Currency and Presentation Currency

Initially, these financial statements are presented in Indian Rupee. Functional currency of the Company is USD.

RELINACE GLOBALCOM SERVICES INC.

Notes on accounts to the Balance Sheet and Statement of Profit and Loss as on March 31, 2019

(C) Financial Instruments

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

(a) 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.

RELINACE GLOBALCOM SERVICES INC.

Notes on accounts to the Balance Sheet and Statement of Profit and Loss as on March 31, 2019

(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) 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, and capital work in-progress ("CWIP").

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 RGSi and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to the Statement of Profit and Loss during the financial period in which they are incurred.

RELINACE GLOBALCOM SERVICES INC.

Notes on accounts to the Balance Sheet and Statement of Profit and Loss as on March 31, 2019

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 3 to 20 years or remaining useful lives

Leasehold improvements.....over the life of lease

Computers and office equipment.....3 to 5 years

Vehicles.....5 years

Furniture and fittings.....3 to 7 years

The estimated useful lives of cable systems which are part 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 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 reclassified to property, plant and equipment at the date the project is complete. Capital-work-in-progress is stated at cost.

(E) Intangible Assets

Intangible Assets are stated at acquisition cost, net of accumulated amortization and accumulated impairment losses, if any. Gains or losses arising from the retirement or disposal of an intangible asset are determined as the difference between the net disposal proceeds and the carrying amount of the asset and recognized as income or expense in the Statement of Profit and Loss.

Amortization of Intangible Assets

Assets	Estimated Useful lives
Trade names and trademarks.....	5 years
Intellectual property.....	7 years
Building access rights.....	5 Years

(F) Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the Statement of Profit and Loss on a straight-line basis over the period of the lease.

The Company leases certain Property, plant and equipment and such leases where the Company has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are

RELINACE GLOBALCOM SERVICES INC.

Notes on accounts to the Balance Sheet and Statement of Profit and Loss as on March 31, 2019

capitalised at the inception of the lease at the lower of the fair value of the leased asset and the present value of the minimum lease payments and the interest component is recognised as an expense in the year in which the same is incurred.

(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 includes cash in hand, bank balances and deposits, 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 (used for cash management purposes). In the Balance Sheet, bank overdrafts, if any, are shown as part of borrowings under current financial liabilities.

Cash and claims to cash that are restricted as to withdrawal or use in the ordinary course of business are disclosed separately as restricted cash, unless they are meant to be utilised for other than current operations, in which case they will be separately presented as restricted deposits under non-current assets.

(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, Contingent Liabilities and Contingent Assets

Provisions are recognised when the group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses. Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as finance cost.

(K) Current and deferred income 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 recognised 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

RELINACE GLOBALCOM SERVICES INC.

Notes on accounts to the Balance Sheet and Statement of Profit and Loss as on March 31, 2019

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

RGSI recognises 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 each of RGSI 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 price reductions and rebates. RGSI bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

In revenue arrangements including more than one deliverable, the arrangements are divided into separate units of accounting. Deliverables are considered separate units of accounting if the following two conditions are met: (1) the deliverable has value to the customer on a stand-alone basis and (2) there is evidence of the fair value of the item. The arrangement consideration is allocated to each separate unit of accounting based on its relative fair value.

Ethernet Services

The Company recognises ethernet services revenue in the month in which the service is provided. Fees related to activation of services are deferred and recognised over the expected term of the related service agreement.

(M) 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 group 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.

(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 other than the amount recognisable within one year is disclosed as deferred revenue in non-current liabilities and the amount recognisable within one year is disclosed as deferred revenue in current liabilities.

(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 RGSI 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

RELINACE GLOBALCOM SERVICES INC.

Notes on accounts to the Balance Sheet and Statement of Profit and Loss as on March 31, 2019

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.

Contributions are made to employees personal pension schemes and the costs are charged to the Profit and Loss when incurred.

There are no other material employee benefit plans and schemes in RGSI.

(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 the consolidated financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognised in the period 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 group
- 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 SERVICES INC.

Notes on accounts to the Balance Sheet and Statement of Profit and Loss as on March 31, 2019

Notes # 2.01 Property, Plant and Equipment

(Amount in ₹)

Particulars	Leasehold Improvement	Office Equipment	Computers	Furniture and Fixtures	Vehicles-Owned	Network Assets	Equipment under Finance Lease Dark Fibre Lease	Vehicles	Total
Gross carrying value									
As at April 1, 2018	-	-	-	-	-	-	-	-	-
Additions	-	-	-	-	-	-	-	-	-
Transfer from CWIP	-	-	-	-	-	-	-	-	-
Disposals / discarded	-	-	-	-	-	-	-	-	-
Exchange differences	-	-	-	-	-	-	-	-	-
As at March 31, 2019	-	-	-	-	-	-	-	-	-
Accumulated Depreciation									
As at April 1, 2018	-	-	-	-	-	-	-	-	-
Depreciation for the year	-	-	-	-	-	-	-	-	-
Disposals / discarded	-	-	-	-	-	-	-	-	-
Exchange differences	-	-	-	-	-	-	-	-	-
As at March 31, 2019	-	-	-	-	-	-	-	-	-
Closing net carrying value as at March 31, 2019	-	-	-	-	-	-	-	-	-
Gross carrying value as at March 31, 2019	-	-	-	-	-	-	-	-	-
Accumulated amortisation as at March 31, 2019	-	-	-	-	-	-	-	-	-
Closing net carrying value as at March 31, 2019	-	-	-	-	-	-	-	-	-

(Amount in ₹)

Particulars	Leasehold Improvement	Office Equipment	Computers	Furniture and Fixtures	Vehicles-Owned	Network Assets	Equipment under Finance Lease Dark Fibre Lease	Vehicles	Total
Gross carrying value									
As at April 1, 2017	-	-	-	-	-	-	2,302,038,102	-	2,302,038,102
Additions	-	-	-	-	-	-	-	-	-
Transfer from CWIP	-	-	-	-	-	-	-	-	-
Disposals / discarded	-	-	-	-	-	-	(2,287,696,954)	-	(2,287,696,954)
Exchange differences	-	-	-	-	-	-	(14,341,148)	-	(14,341,148)
As at March 31, 2018	-	-	-	-	-	-	-	-	-
Accumulated Depreciation									
As at April 1, 2017	-	-	-	-	-	-	1,279,297,346	-	1,279,297,346
Depreciation for the year	-	-	-	-	-	-	63,149,845	-	63,149,845
Disposals / discarded	-	-	-	-	-	-	(1,334,477,651)	-	(1,334,477,651)
Exchange differences	-	-	-	-	-	-	(7,969,540)	-	(7,969,540)
As at March 31, 2018	-	-	-	-	-	-	-	-	-
Closing net carrying value as at March 31, 2018	-	-	-	-	-	-	-	-	-
Gross carrying value as at March 31, 2018	-	-	-	-	-	-	-	-	-
Accumulated amortisation as at March 31, 2018	-	-	-	-	-	-	-	-	-
Closing net carrying value as at March 31, 2018	-	-	-	-	-	-	-	-	-

Notes # 2.02 Capital Work-in-Progress

(Amount in ₹)

Particulars	As at March 31, 2019	As at March 31, 2018
Opening balance	-	-
Add: Additions during the year	-	-
Less: Transfer to assets during the year	-	-
Currency translation	-	-
Closing balance	-	-

RELIANCE GLOBALCOM SERVICES INC.

Notes on accounts to the Balance Sheet and Statement of Profit and Loss as on March 31, 2019

Notes # 2.03 Other Intangible Assets

(Amount in ₹)

Particulars	Building Access	Intellectual Property Rights	Trademark	Total
Gross carrying value				
As at April 1, 2018	-	-	-	-
Additions	-	-	-	-
Transfer from CWIP	-	-	-	-
Disposals / discarded	-	-	-	-
Exchange differences	-	-	-	-
As at March 31, 2019	-	-	-	-
Accumulated amortisation				
As at April 1, 2018	-	-	-	-
Amortisation for the year	-	-	-	-
Disposals / discarded	-	-	-	-
Exchange differences	-	-	-	-
As at March 31, 2019	-	-	-	-
Closing net carrying value as at March 31, 2019	-	-	-	-
Gross carrying value as at March 31, 2018	-	-	-	-
Accumulated amortisation as at March 31, 2019	-	-	-	-
Closing net carrying value as at March 31, 2019	-	-	-	-

(Amount in ₹)

Particulars	Building Access	Intellectual Property Rights	Trademark	Total
Gross carrying value				
As at April 1, 2017	-	-	-	-
Additions	-	-	-	-
Transfer from CWIP	-	-	-	-
Disposals / discarded	-	-	-	-
Exchange differences	-	-	-	-
As at March 31, 2018	-	-	-	-
Accumulated amortisation				
As at April 1, 2017	-	-	-	-
Amortisation for the year	-	-	-	-
Disposals / discarded	-	-	-	-
Exchange differences	-	-	-	-
As at March 31, 2018	-	-	-	-
Closing net carrying value as at March 31, 2018	-	-	-	-
Gross carrying value as at March 31, 2018	-	-	-	-
Accumulated amortisation as at March 31, 2018	-	-	-	-
Closing net carrying value as at March 31, 2018	-	-	-	-

RELIANCE GLOBALCOM SERVICES INC.

Notes on accounts to the Balance Sheet and Statement of Profit and Loss as on March 31, 2019

Particulars	(Amount in ₹)	
	As at March 31, 2019	As at March 31, 2018
Notes # 2.04 Investments		
Investments in subsidiaries (Unquoted)		
1 (1) Ordinary share of YTV Inc of USD 1 each fully paid up	65	65
Additions during the year	-	-
Foreign exchange movement	4	-
Sale of subsidiary	-	-
	<u>69</u>	<u>65</u>
Notes # 2.05 Other Financial Assets		
Deposits with banks	18,254,870	18,786,509
	<u>18,254,870</u>	<u>18,786,509</u>
Notes # 2.06 Other Non-Current Assets		
Long term trade receivables	-	-
Prepaid expenses	-	-
	<u>-</u>	<u>-</u>
Notes # 2.07 Trade Receivables (Unsecured)		
Considered good	-	-
Considered doubtful	-	-
	<u>-</u>	<u>-</u>
Less: Provision for doubtful debts	-	-
	<u>-</u>	<u>-</u>
Notes # 2.08 Loan (Unsecured, Considered good)		
Loans to related parties	583,962,408	634,955,706
	<u>583,962,408</u>	<u>634,955,706</u>
Notes # 2.09 Other Financial Assets		
Current account balance with related parties	345,775	325,875
Others*	-	-
	<u>345,775</u>	<u>325,875</u>
* Amount receivable towards sale of ethernet business		
Notes # 2.10 Cash and Cash Equivalents		
Bank balances (other than bank overdrafts)		
- Current accounts	18,215,201	1,719,704
	<u>18,215,201</u>	<u>1,719,704</u>
Notes # 2.11 Other Current Assets		
Advance to supplier of goods and rendering of services	-	-
Other current assets	-	28,784,275
	<u>-</u>	<u>28,784,275</u>

RELIANCE GLOBALCOM SERVICES INC.

Notes on accounts to the Balance Sheet and Statement of Profit and Loss as on March 31, 2019

(Amount in ₹)

Particulars	As at March 31, 2019	As at March 31, 2018
Notes # 2.12 Equity		
Authorised		
1 Ordinary share of US\$ 0.0001 each	69	65
	69	65
Issued, Subscribed and Paid up		
1 Ordinary share of US\$ 0.0001 each	69	65
	69	65

i. Movement in share capital

	No. of Shares	Amount in INR
As at April 1, 2016	1	67
Issued during the year	-	-
Currency translation	-	(2)
As at March 31, 2017	1	65
Issued during the year	-	-
Currency translation	-	4
As at March 31, 2018	1	69

ii. Rights, preferences and restriction attached to the ordinary shares

The Company has only one class of equity shares having a par value of \$0.0001 per share. Each holder of equity share 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 remaining assets of the Company. The distribution will be in proportion to the number of equity shares held by the shareholders.

iii. Ordinary shares held by the Holding Company

	No. of Shares	No. of Shares
Yipes Holding Inc.	1	1

iv Details of shares held by shareholders holding more than 5% of the aggregate shares in the Company

Ordinary Shares

Yipes Holding Inc.		
No. of Shares	1	1
% of holding	100%	100%

	As at March 31, 2019	As at March 31, 2018
Additional Paid-in Capital	20,327,875,380	19,157,968,012
Retained Earnings	(17,426,534,804)	(17,418,747,430)
Other Reserve	(2,405,426,383)	(1,264,586,621)
Closing balance	495,914,193	474,633,961

i) Additional Paid-in Capital

Opening balance	19,157,968,012	19,062,435,375
Currency translation	1,169,907,368	95,532,637
Closing balance	20,327,875,380	19,157,968,012

ii) Retained Earnings

Opening balance	(17,418,747,430)	(17,796,719,889)
Profit / (loss) during the year	(7,787,374)	377,972,459
Closing balance	(17,426,534,804)	(17,418,747,430)

iii) Other Reserve

Foreign Currency Translation Reserve

Opening balance	(1,264,586,621)	(1,173,790,057)
Currency translation	(1,140,839,762)	(90,796,564)
Closing balance	(2,405,426,383)	(1,264,586,621)

The foreign currency translation reserve comprises all foreign currency differences arising from the translation of the local currency financial statements to Indian Rupee.

RELIANCE GLOBALCOM SERVICES INC.

Notes on accounts to the Balance Sheet and Statement of Profit and Loss as on March 31, 2019

(Amount in ₹)

Particulars	As at March 31, 2019	As at March 31, 2018
Notes # 2.13 Borrowings		
Finance lease obligation	-	-
	-	-
Notes # 2.14 Other Non-Current Liabilities		
Unearned income	-	-
Customer deposits	-	-
	-	-
Notes # 2.15 Current Borrowings		
Short term borrowings (from group company)	-	-
	-	-
Notes # 2.16 Trade Payables		
Trade payables	48,840,205	160,099,666
Trade accruals	68,302,028	30,241,042
	117,142,233	190,340,708
Notes # 2.17 Other Financial Liabilities		
GTT- Payable	5,992,953	-
	5,992,953	-
Notes # 2.18 Other Current Liabilities (Net)		
Statutory liabilities	1,728,875	19,597,400
	1,728,875	19,597,400
Notes # 2.19 Provisions		
Retirement obligation	-	-
	-	-
Notes # 2.20 Income Tax Liabilities (Net)		
Income tax (Net of advance tax)	-	-
	-	-

RELIANCE GLOBALCOM SERVICES INC.

Notes on accounts to the Balance Sheet and Statement of Profit and Loss as on March 31, 2019

(Amount in ₹)

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Note # 2.21 Revenue from Operations		
Internet protocol / ethernet services	-	125,669,700
	-	125,669,700
Note # 2.22 Other Income		
Interest income	50,861	94,861
Net gain on foreign currency transaction and translation	2,065,535	4,035,939
Reversal of provision for doubtful debts (Net)	-	-
Gain on cancellation of finance lease liability	-	-
Profit on sale of investment	-	-
Provision/Liabilities written back to the extent no longer required	6,288,014	474,019,462
Sales tax credit	-	-
Profit on sale of ethernet business	-	-
Miscellaneous income	-	20,833,049
	8,404,410	498,983,311
Note # 2.23 Network Operation Expenses		
Equipment maintenance and support	-	-
Landing stations and point of presence costs	-	-
Terrestrial cable, inland amplifier and regenerator sites	-	-
Internet protocol	-	125,669,700
	-	125,669,700
Note # 2.24 Employee Benefits Expenses		
Salaries, wages and bonus	-	6,448,634
Staff welfare	-	404,681
	-	6,853,315
Note # 2.25 Finance Costs		
Interest and financial charges	-	26,804,485
	-	26,804,485
Note # 2.26 Sales and General Administration Expenses		
Rent	-	15,671,442
Insurance	-	1,515,866
Rates and taxes	11,367,673	-
Legal fees	1,735,416	1,858,148
Professional charges	524,370	-
Licensing and regulatory fees	-	-
Travel and entertainment	-	180,708
Communication	-	-
Information technology support	-	1,478,515
General office expenses	15,193	783,189
Bank charges	1,751,829	1,542,422
Payment to auditors	773,271	1,172,917
Sales and marketing expenses	-	-
Miscellaneous expense	24,032	-
	16,191,784	24,203,207

RELIANCE GLOBALCOM SERVICES INC.

Notes on accounts to the Balance Sheet and Statement of Profit and Loss as on March 31, 2019

Note # 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:

List of related parties:

(a) Parties where control exist:

- i) Yipes Holding Inc.
- ii) Reliance Communication Limited
- iii) Reliance Communication Infrastructure Limited
- iv) FLAG Telecom Group Services Limited

(b) Enterprises as affiliated companies are:

- i) Reliance Globalcom Limited
- ii) FLAG Telecom Network USA Ltd
- iii) Reliance Flag Telecom Ireland Ltd
- iv) Vanco US LLC
- v) Vanco Solution Inc.

(c) Sales of services

(Amount in ₹)

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

(d) Network Operating Expenses

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Network Operation Expenses		
Parent company	-	-
Fellow subsidiaries	-	125,669,700
Total	-	125,669,700

(f) Year-end balances arising from sales/purchases of services and loan & Borrowings**Loan**

Particulars	As at March 31, 2019	As at March 31, 2018
Loans to related parties		
Fellow subsidiaries	583,962,408	634,955,706
Total	583,962,408	634,955,706

Other Financial Assets

Particulars	As at March 31, 2019	As at March 31, 2018
Current account balance with related parties		
Parent company	345,775	325,875
Total	345,775	325,875

Trade Payables

Particulars	As at March 31, 2019	As at March 31, 2018
Fellow subsidiaries	-	-
Total	-	-

RELINACE GLOBALCOM SERVICES INC.

Notes on accounts to the Balance Sheet and Statement of Profit and Loss as on March 31, 2019

Note 2.28 Segment Reporting

The Company has determined its business segment as telecommunication network unit taking into account the nature of services provided, class of customers for the services provided, the differing risks and returns and the internal business reporting systems. Since 100% of the business of Company is from telecommunication network unit, there are no other reportable segments.

The segment revenue, segment result, total carrying amount of segment assets, total amount of segment liabilities, total cost incurred during the year to acquire segments assets, segment depreciation and amortisation for the year are reflected within the financial statements of the Company as of and for the year ended March 31, 2019.

Substantial network assets are located across geographic territories and therefore not identifiable to any particular geographical segment.

Note 2.29 Earnings per share

		Amount in ₹ except No. shares	
Particulars		Year ended March 31, 2019	Year ended March 31, 2018
A	Profit/(Loss) attributable to Equity Shareholders	(77,87,374)	37,79,72,459
B	Weighted average number of share of USD 0.0001 each used as denominator for calculating Basic and Diluted EPS	1	1
C	Basic and Diluted Earnings per Share (A/B)	(77,87,374)	37,79,72,459

Note 2.30 Foreign Exchange Translation

"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."

Note 2.31

Prior Period Comparatives have been classified, wherever required to confirm with the current year's presentations.

As per our report of even date attached

For Shridhar & Associates

Chartered Accountants

Firm Registration No 134427W

For Reliance Globalcom Services Inc.

Jitendra Sawjany

Partner

Membership No :050980

Place : Mumbai

Date : May 22, 2019

Janet Troxell

Director

Place :

Date : May 21, 2019

Independent Auditors' Report

To the Board of Reliance Vanco Group Limited

Report on the Ind AS Financial Statements

Opinion

We have audited the accompanying standalone Ind AS financial statements of **Reliance Vanco Group 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 Sawjany
Partner
Membership No.050980

Place: Mumbai
Date: 22nd May 2019

Reliance Vanco Group Limited
Balance Sheet as at March 31, 2019

		(Amount in ₹)	
Particulars	Note No.	As at March 31, 2019	As at March 31, 2018
ASSETS			
Non-Current Assets			
Financial Assets			
Investments	2.01	4,38,89,484	4,47,94,451
Current Assets			
Financial Assets			
Cash and Cash Equivalents	2.02	19,60,159	29,76,76,326
Others	2.03	11,87,39,20,012	11,60,28,09,888
Other Current Assets	2.04	1,58,405	38,69,842
Total Assets		11,91,99,28,060	11,94,91,50,507
EQUITY AND LIABILITIES			
Equity			
Equity Share Capital	2.05	99,51,967	1,01,57,169
Other Equity	2.05	4,59,92,10,847	5,17,81,30,963
Total Equity		4,60,91,62,814	5,18,82,88,132
LIABILITIES			
Non-current liabilities			
Financial Liabilities			
Borrowings	2.06	1,80,82,649	1,84,55,500
Current liabilities			
Financial Liabilities			
Borrowings	2.07	6,59,69,26,891	6,27,58,37,345
Trade Payables	2.08	1,36,66,688	1,25,71,335
Other financial liabilities	2.09	68,20,89,018	45,39,98,195
Total Liabilities		7,31,07,65,246	6,76,08,62,375
Total Equity and Liabilities		11,91,99,28,060	11,94,91,50,507
General Information			
General Information	1.01		
Significant Accounting Policies	1.02		
Notes to 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 Accountant
Firm Registration No. 134427W

For Reliance Vanco Group Limited

Jitendra Sawjany
Partner
Membership no. 050980

Andrew Goldie
Director

Place: Mumbai
Date: 22nd May, 2019

Place:
Date: 21st May, 2019

Reliance Vanco Group Limited
Statement of Profit & Loss For the Year Ended March 31, 2019

Particulars	Note No.	(Amount in ₹)	
		For the Year Ended March 31, 2019	For the Year Ended March 31, 2018
Revenue from Operations	2.10	73,85,697	71,37,063
Other Income	2.11	-	75,18,15,788
Total Revenue		73,85,697	75,89,52,851
Expenses:			
Network Operating Expenses	2.12	37,79,738	30,47,074
Other Expenses	2.13	48,55,53,911	95,78,401
Total Expenses		48,93,33,649	1,26,25,475
Profit before tax		(48,19,47,952)	74,63,27,376
Tax Expense:			
Current Tax		-	-
Deferred Tax		-	-
Profit (Loss) for the period		(48,19,47,952)	74,63,27,376
Other Comprehensive Income			
Items that may be subsequently reclassified to statement of profit or loss			
Currency Translation		(5,53,66,799)	34,41,49,009
Total other comprehensive income for the year		(5,53,66,799)	34,41,49,009
Total comprehensive income for the year		(53,73,14,751)	1,09,04,76,385
Earnings per equity share:	2.15		
(1) Basic		(4.38)	6.78
(2) Diluted		(4.38)	6.78
General Information	1.01		
Significant Accounting Policies	1.02		
Notes to 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 Accountant
Firm Registration No. 134427W

For Reliance Vanco Group Limited

Jitendra Sawjany
Partner
Membership no. 050980

Andrew Goldie
Director

Place: Mumbai
Date: 22nd May, 2019

Place:
Date: 21st May, 2019

Reliance Vanco Group Limited
Cash Flow Statement for the year ended March 31, 2019

Particulars	(Amount in ₹) For the year ended March 31, 2019	(Amount in ₹) For the year ended March 31, 2018
CASH FLOW FROM OPERATING ACTIVITY		
Net Profit before tax as per Profit and Loss Account	(48,19,47,952)	74,63,27,376
Adjusted for:		
Foreign Currency Translation and exchange movement (net)	9,66,45,250	(59,60,15,229)
Dividend	-	(4,56,82,336)
Foreign Exchange Fluctuation Gain/Loss Net	(32,10,89,546)	(8,60,62,675)
Operating Profit before Working capital changes	(25,75,03,656)	1,47,40,87,616
Adjusted for:		
Receivables and other Current Assets	26,73,98,687	1,09,25,97,839
Trade Payables & Other financial liabilities	(22,91,86,176)	26,80,48,100
Cash Generated from operation	(29,57,16,167)	11,34,41,677
Income tax (paid) / refund	-	-
Net cash (used in)/generated from operating activities (A)	(29,57,16,167)	11,34,41,677
CASH FLOW FROM INVESTING ACTIVITIES		
Dividend Income	-	(4,56,82,336)
Net Proceeds/ (Repayment) from loan	-	-
Net Cash used in Investing Activities (B)	-	(4,56,82,336)
CASH FLOW FROM FINANCING ACTIVITIES		
Net Proceeds/ (Repayment) from short term Borrowings	-	-
Net Cash Used In Financing Activities (C)	-	-
Net Increase / (Decrease) in Cash and Cash Equivalents	(29,57,16,167)	6,77,59,341
Opening Balance of Cash and Cash Equivalent	29,76,76,326	22,99,16,985
Closing Balance of Cash and Cash Equivalent	19,60,159	29,76,76,326

As per our report of even date attached

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

Jitendra Sawjany
Partner
Membership no. 050980

Place: Mumbai
Date: 22nd May, 2019

For Reliance Vanco Group Limited

Andrew Goldie
Director

Place:
Date: 21st May, 2019

Reliance Vanco Group Limited
Statement of changes in equity for the year ended March 31, 2019

Particulars	Equity	Other Equity			Total Other Equity	Equity attributable to shareholders
	Share Capital	Reserves and Surplus		Other Comprehensive Income		
		Securities Premium Reserve	Retained Earnings	Foreign Exchange Translation Reserve*		
Balance at March 31, 2017	89,05,100	1,80,55,37,183	1,90,39,52,875	12,43,03,580	3,83,37,93,638	3,84,26,98,738
Foreign exchange movement	12,52,069	25,38,60,940			25,38,60,940	25,51,13,009
Currency Translation				34,41,49,009	34,41,49,009	34,41,49,009
Net profit / (loss) for the period			74,63,27,376		74,63,27,376	74,63,27,376
Balance at March 31, 2018	1,01,57,169	2,05,93,98,123	2,65,02,80,251	46,84,52,589	5,17,81,30,963	5,18,82,88,132
Currency Translation		-	-	(5,53,66,799)	(5,53,66,799)	(5,53,66,799)
Foreign exchange movement	(2,05,202)	(4,16,05,365)			(4,16,05,365)	(4,18,10,567)
Net profit / (loss) for the period		-	(48,19,47,952)		(48,19,47,952)	(48,19,47,952)
Balance at March 31, 2019	99,51,967	2,01,77,92,758	2,16,83,32,299	41,30,85,790	4,59,92,10,847	4,60,91,62,814

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

As per our report of even date attached

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

For Reliance Vanco Group Limited

Jitendra Sawjiyani
Partner
Membership no. 050980

Andrew Goldie
Director

Place: Mumbai
Date: 22nd May, 2019

Place:
Date: 21st May, 2019

Reliance Vanco Group Limited

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

1.01 GENERAL INFORMATION

Reliance Vanco Group Limited is a virtual Network operator. The Company provides enterprise clients with managed network solutions including the design, integration, implementation, security and management of global corporate networks. The Company provides IT Outsourcers enabling the sub-contract of the above service package as part of a wider IT outsourcing solution.

Reliance Vanco Group Limited is asset-light, instead purchasing infrastructure from the hundreds of carriers globally, the company get the best prices for clients, design a solution using the most appropriate technology to meet customers' global requirements, and is 100% focused on delivering the highest quality customer service..

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 principals (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 realisation 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.

Reliance Vanco Group Limited

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

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 liability to 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 Translation

(i) Functional Currency and Presentation Currency

Initially, these financial statements are presented in Indian Rupee. Functional currency of the Company is GBP.

(ii) Transactions and Balances

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.

Reliance Vanco Group Limited

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

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.

c) Financial Instruments

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

(i) 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

Reliance Vanco Group Limited

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

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.

(ii) 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.

Reliance Vanco Group Limited

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

(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 of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the standalone balance sheet if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

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.

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

Reliance Vanco Group Limited

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

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 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 recognised 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 reassesses 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

Reliance Vanco Group Limited

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

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.

A network contract typically covers the design, supply and installation of the network and thereafter the provision of Packaged Network Solutions. Turnover relating to the initial part of the contract is recognized over the contract implementation period. The remainder of the contract value is recognized evenly over the period of the contract.

To the extent that the recognition differs from the contractual billing terms, either turnover is accrued or amounts billed in advance are treated as deferred income.

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.

Reliance Vanco Group Limited

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

m) Unbilled Revenue

Where the Services are performed prior to billing, an accrued income is recognized in unbilled revenue.

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 the consolidated financial statements and the reported amount of revenues and expenses during the reporting period.

Difference between the actual results and estimates are recognised in the period 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.

Reliance Vanco Group Limited
Notes on accounts to the Balance Sheet and Statement of Profit and Loss for the Year Ended March 31, 2019

Particulars	(Amount in ₹)	
	As at March 31, 2019	As at March 31, 2018
Note 2.01 Investments		
<u>Investment in Subsidiaries</u>		
5,000 Vanco Sweden AB of SEK 100 Per Share ** (5,000)	40,80,802	41,64,945
140,000 Vanco (Shanghai) Co Limited of US \$ 1 Per Share ** (140,000)	63,01,261	64,31,188
1,999,000 Vanco Asia Pacific Pte limited of SG \$ 1 Per Share ** (1,999,000)	1,44,73,443	1,47,71,874
180 Vanco Japan KK of JPY 50,000 Per Share ** (180)	58,92,503	60,14,002
1,980 Vanco Euronet Sp Zoo of PNL 50 Per Share ** (1,980)	13,08,099	13,35,071
12,480,000 Vanco Euronet SA of Euro 0.01 Per Share ** (12,480,000)	1,18,33,377	1,20,77,371
30,000 Vanco SAS of Euro 10 Per Share * (30,000)	-	-
5,61,499 Vanco NV of Euro 1 Per Share * (5,61,499)	-	-
3,100,000 Vanco Australasia Pty limited of AU \$ 1 Per share * (3,100,000)	-	-
799,999 Vanco South America Ltda of BRL 1 Per Share * (799,999)	-	-
99,000 Vanco Srl of Euro 1 Per Share * (99,000)	-	-
25,000 Vanco Deutschland GmbH of Euro 1 Per Share * (25,000)	-	-
2,000,000 Vanco BV of Euro 0.01 Per Share * (2,000,000)	-	-
36,689,751 Vanco UK limited of GBP 0.01 Per Share * (36,689,751)	-	-
520,000,000 VNO Direct Limited of GBP 0.001 Per Share * (520,000,000)	-	-
100 Net Direct SA (Proprietary) Limited of ZAR 1 Per Share *** (100)	-	-
1,789 Vanco GmbH of Euro 500 Per Share* (1789)	-	-
Total	4,38,89,484	4,47,94,451

* Investment Value Impaired

** Investment are valued at historical cost

*** Entity is under liquidation

Note 2.02 Cash & Bank Balance

Balance with Banks		
- Current Accounts	19,60,159	29,76,76,326
Total	19,60,159	29,76,76,326

Note 2.03 Others Current Financial Assets

Current account balance with related parties	11,87,39,20,012	11,60,28,09,888
Total	11,87,39,20,012	11,60,28,09,888

Note 2.04 Other Current assets

Balances with Government Authorities	1,58,405	1,61,209
Prepaid Expenses	-	3,64,404
Advances to Vendor	-	33,44,229
Total	1,58,405	38,69,842

Reliance Vanco Group Limited
Notes on accounts to the Balance Sheet and Statement of Profit and Loss for the Year Ended March 31, 2019

Particulars	(Amount in ₹)	
	As at March 31, 2019	As at March 31, 2018

Note 2.05 Equity
a) Share Capital
Authorised

200,000,000 (200,000,000) Ordinary Shares of £ 0.001p 1,80,82,649 1,84,55,500

Issued, subscribed & fully paid up (£ 0.001 per share)

110,072,000 (110,072,000) Ordinary Shares of £ 0.001p each fully Paid up 99,51,967 1,01,57,169

i. Movement in share capital

	No. of Shares	No. of Shares
As at March 31, 2017	11,00,72,000	11,00,72,000
Issued during the year	-	-
Currency translation impact		
As at March 31, 2018	11,00,72,000	11,00,72,000
Issued during the year	-	-
Currency translation impact		
As at March 31, 2019	11,00,72,000	11,00,72,000

ii. Rights, preferences and restriction attached to the shares

The Company has Ordinary Shares (shares) having a par value of £ .001 per share and Redeemable Preference Share (shares) having a par value of £ 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.

Ordinary Shares	No. of Shares	No. of Shares
FLAG Telecom Group Services Limited	11,00,72,000	11,00,72,000

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

	As at March 31, 2019		As at March 31, 2018	
FLAG Telecom Group Services Limited	% of Holding 100%	No. of Shares 11,00,72,000	% of Holding 100%	No. of Shares 11,00,72,000

b) Other Equity

	As at March 31, 2019	As at March 31, 2018
Share Premium	2,01,77,92,758	2,05,93,98,123
Retained Earnings	3,07,72,07,469	3,55,91,55,421
Other Reserve	41,30,85,790	46,84,52,589
	<u>5,50,80,86,017</u>	<u>6,08,70,06,133</u>

i) Share Premium

Opening balance	2,05,93,98,123	1,80,55,37,183
Appropriations during the year	-	-
Adjustment for currency translation	(4,16,05,365)	25,38,60,940
Closing balance	<u>2,01,77,92,758</u>	<u>2,05,93,98,123</u>

ii) Retained Earnings

Opening balance	3,55,91,55,421	2,81,28,28,045
Net profit for the year	(48,19,47,952)	74,63,27,376
Closing balance	<u>3,07,72,07,469</u>	<u>3,55,91,55,421</u>

iii) Other Reserves
Foreign Currency Translation Reserve

Opening balance	46,84,52,589	12,43,03,580
Currency translation differences during the year	(5,53,66,799)	34,41,49,009
Closing balance	<u>41,30,85,790</u>	<u>46,84,52,589</u>

The foreign currency translation reserve comprises all foreign currency differences arising from the translation of the Local Currency financial statements to Indian Rupee.

Reliance Vanco Group Limited**Notes on accounts to the Balance Sheet and Statement of Profit and Loss for the Year Ended March 31, 2019**

Particulars	As at	(Amount in ₹)
	March 31, 2019	As at March 31, 2018

Note 2.06 Borrowing Financial Liabilities

200,000 (200,000) Redeemable Preference Shares of £1 each fully Paid up

1,80,82,649	1,84,55,500
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The Company has Redeemable Preference Share (shares) having a par value of £ 1 per share. The preference share are redeemable at par value at any time at the company's option upon delivery of 14 days notice to the shareholders. The shares carry no voting rights and no rights to dividends and on a return of capital, these shares get preference over all other classes of shares.

Note 2.07 Borrowings

Unsecured Loans from Parent Company

Total	6,59,69,26,891	6,27,58,37,345
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Note 2.08 Trade Payables

Trade Payables

Trade Accrual

Total	1,36,66,688	1,25,71,335
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Note 2.09 Other Current financial liabilities

Current Account Balance with Related Parties

Total	68,20,89,018	45,39,98,195
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Reliance Vanco Group Limited**Notes on accounts to the Balance Sheet and Statement of Profit and Loss for the Year Ended March 31, 2019**

Particulars	(Amount in ₹)	
	For the year ended March 31, 2019	For the year ended March 31, 2018
Note 2.10 Revenue from Operations		
Enterprise Value Added Services	73,85,697	71,37,063
Total	73,85,697	71,37,063
Note 2.11 Other Income		
Dividend Income	-	4,56,82,336
Miscellaneous	-	49,44,590
Foreign Exchange Fluctuation Gain/Loss Net	-	70,11,88,862
Total	-	75,18,15,788
Note 2.12 Network Operating Expenses		
Network Operating Expenses	37,79,738	30,47,074
Total	37,79,738	30,47,074
Note 2.13 Other Expenses		
Professional Fees	-	11,05,687
Communication	3,126	2,11,320
Sales and Marketing Expenses	-	-
Bank Charges	5,73,195	8,96,505
Legal Fee	30,29,454	68,20,982
Payment to Auditors	12,13,143	5,43,907
Foreign Exchange Fluctuation Gain/Loss Net	48,07,34,993	-
Total	48,55,53,911	95,78,401

Reliance Vanco Group Limited

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

Note 2.14

Segment Reporting

The Company has determined its business segment as telecommunication network unit taking into account the nature of services provided, class of customers for the services provided, the differing risks and returns and the internal business reporting systems. Since 100% of the business of Company is from telecommunication network unit, there are no other reportable segments.

The segment revenue, segment result, total carrying amount of segment assets, total amount of segment liabilities, total cost incurred during the year to acquire segments assets, segment depreciation and amortization for the year are reflected within the financial statements of the Company as of and for the year ended March 31, 2019.

Substantial network assets are located across geographic territories and therefore not identifiable to any particular geographical segment.

Note 2.15

Earnings per Share

		INR except number of shares	
Particulars		Year ended March 31, 2019	Year ended March 31, 2018
A	Profit/(Loss) attributable to Equity Shareholders	(48,19,47,952)	74,63,27,376
B	Weighted average number of share of GBP 0.001 each used as denominator for calculating Basic and Diluted EPS	11,00,72,000	11,00,72,000
C	Basic and Diluted Earnings per Share (A/B)	(4.38)	6.78

Note 2.16

Notes to Foreign Exchange Translation Reserve

The amounts relating to Balance Sheet items appearing in Indian Rupees have been translated at Closing Rate of 1 GBP = USD 1.3074 & 1 USD = INR 69.1550 (March 31, 2018 1 GBP = INR 92.2775) and items relating to profit and loss have been translated at average rate of 1 GBP = USD 1.31510 & 1 USD = INR 69.9160 (March 31, 2018 1 GBP = INR 85.5198).

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

Reliance Vanco Group Limited**Notes on accounts to the Balance Sheet and Statement of Profit and Loss for the Year Ended March 31, 2019****2.17 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:

List of related parties:

(a) Parties where control exist:

- i) FLAG Telecom Group Services Limited
- ii) Reliance Communication Limited

(b) Enterprises as affiliated companies are:

- i) Vanco ROW Limited
- ii) Vanco UK Limited
- iii) Vanco Global Limited
- iv) Vanco International Limited
- v) VNO Direct Limited
- vi) Vanco SAS
- vii) Euronet Spain SA
- viii) Vanco Srl
- ix) Vanco GmbH
- x) Vanco Deutschland GmbH
- xi) Vanco Switzerland A.G
- xii) Vanco B.V
- xiii) Vanco Benelux BV
- xiv) Vanco NV
- xv) Vanco US LLC
- xvi) Vanco Solutions Inc
- xvii) Vanco Australasia Pty. Limited
- xviii) Vanco (Asia Pacific) Pte. Limited
- xix) Vanco Japan KK
- xx) Vanco (Shanghai) Co. Ltd
- xxi) Vanco Sp Zoo
- xxii) Vanco Sweden AB
- xxiii) Vanco South America Ltda
- xxiv) Net Direct SA (Proprietary) Limited
- xxv) Reliance Globalcom Limited
- xxvi) Reliance Globalcom Service Inc

(c) Sales of services

(Amount in ₹)

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Service Revenue		
Parent company	-	-
Fellow subsidiaries	73,85,697	71,37,063
Total	73,85,697	71,37,063

(d) Network Operating Expenses

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Network Operating Expenses		
Parent company	37,79,738	30,47,074
Fellow subsidiaries	-	-
Total	37,79,738	30,47,074

2.17 Related party transactions

(e) Year-end balances arising from sales/purchases of services and loan & Borrowings

Other Current Financials Assets

Particulars	As at March 31, 2019	As at March 31, 2018
Current account balance with related parties		
Parent company		2,62,10,224
Fellow subsidiaries	11,87,39,20,012	11,57,65,99,664
Total	11,87,39,20,012	11,60,28,09,888

Other Current Financials Liabilities

Particulars	As at March 31, 2019	As at March 31, 2018
Current account balance with related parties		
Parent company	24,99,87,203	-
Fellow subsidiaries	43,21,01,815	45,39,98,195
Total	68,20,89,018	45,39,98,195

Financials Borrowings

Particulars	As at March 31, 2019	As at March 31, 2018
Unsecured Loans from Parent Company		
Parent company	6,59,69,26,891	6,27,58,37,345
Fellow subsidiaries	-	-
Total	6,59,69,26,891	6,27,58,37,345

Trade Payables

Particulars	As at March 31, 2019	As at March 31, 2018
Parent company	1,42,65,777	-
Fellow subsidiaries	-	-
Total	1,42,65,777	-

Reliance Vanco Group Limited

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

Note 2.18

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

For Shridhar & Associates

Chartered Accountants

Firm Registration No. 134427W

For Reliance Vanco Group Limited

Jitendra Sawjany

Partner

Membership No. 050980

Andrew Goldie

Director

Place : Mumbai

Date : 22nd May,2019

Place :

Date : 21st May,2019

Independent Auditors' Report

To the Board of Vanco UK Limited

Report on the Ind AS Financial Statements

Opinion

We have audited the accompanying standalone Ind AS financial statements of **Vanco 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 2.11 & 2.12 of the notes to the financial statements where the company has negative net worth amounting to INR 4,27,01,85,317 for the year 2019 and INR 4,22,53,47,855 for the year 2018 (excluding loss on account of FCTR). The financial statements are prepared under going concern assumption since the ultimate parent company (GCX Limited) will continue to support the company in meeting its liabilities as they fall due within the coming 12 months.

The (GCX Limited) 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 Sawjany
Partner
Membership No.050980

Place: Mumbai
Date: 22nd May 2019

Vanco UK Limited
Balance Sheet as at March 31, 2019

		(Amount in ₹)	
Particulars	Note No.	As at March 31, 2019	As at March 31, 2018
ASSETS			
Non-Current Assets			
(a) Property, Plant and Equipment	2.01	89,41,763	1,30,11,964
(b) Capital work-in-progress	2.02	66,00,656	-
(c) Other Intangible assets	2.03	76,08,516	1,25,05,965
(d) Other non-current assets	2.04	1,07,03,030	1,09,23,718
(e) Other Financial Assets	2.05	4,66,29,326	-
Total non-Current Assets		8,04,83,291	3,64,41,647
Current Assets			
(a) Financial Assets			
(i) Trade receivables	2.06	4,59,58,667	8,42,18,817
(ii) Cash and cash equivalents	2.07	7,57,03,258	2,42,67,022
(iii) Other financial Assets	2.08	1,00,61,60,038	30,03,98,096
(b) Current Tax Assets (Net)	2.09	30,293	-
(c) Other current assets	2.10	15,10,41,258	26,47,11,003
Total current Assets		1,27,88,93,514	67,35,94,938
Total Assets		1,35,93,76,805	71,00,36,585
EQUITY AND LIABILITIES			
EQUITY			
(a) Equity Share Capital	2.11	33,17,262	33,85,661
(b) Other Equity	2.12	(3,77,39,15,793)	(3,82,44,25,252)
Total Equity		(3,77,05,98,531)	(3,82,10,39,591)
LIABILITIES			
Current liabilities			
(a) Financial Liabilities			
(i) Trade Payables	2.13	2,02,02,72,412	1,85,73,57,796
(ii) Other financial liabilities	2.14	2,97,59,90,110	2,52,46,04,119
(b) Other current liabilities	2.15	13,37,12,814	14,91,14,261
Total current liabilities		5,12,99,75,336	4,53,10,76,176
Total Equity and Liabilities		1,35,93,76,805	71,00,36,585
General Information	1.01		
Significant Accounting Policies	1.02		
Notes to 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 Vanco UK Limited

Jitendra Sawjany
Partner
Membership No. 050980

Andrew Goldie
Director

Place : Mumbai
Date : 22nd May, 2019

Place :
Date : 21st May, 2019

Vanco UK Limited
Statement of Profit & Loss For the year Ended March 31, 2019

		(Amount in ₹)	
Particulars	Note No.	For the Year Ended March 31, 2019	For the Year Ended March 31, 2018
Revenue:			
Revenue from Operations	2.16	3,12,50,66,128	2,95,24,97,239
Other Income	2.17	(10,60,82,666)	22,34,97,162
Total Revenue		3,01,89,83,462	3,17,59,94,401
Expenses:			
Network Operating Expenses	2.18	2,74,96,48,359	2,56,73,86,772
Employee Benefits Eexpense	2.19	17,99,72,250	36,81,48,558
Depreciation and Amortization Expense	2.20	2,10,83,481	2,27,82,564
Other expenses	2.21	9,54,87,256	7,62,24,706
Total Expenses		3,04,61,91,346	3,03,45,42,600
Profit/(Loss) before tax		(2,72,07,884)	14,14,51,801
Tax expense:			
(1) Current tax		-	-
(2) Deferred tax		-	-
Profit/(Loss) for the year		(2,72,07,884)	14,14,51,801
Other comprehensive income			
(Items that may be subsequently reclassified to statement of profit or loss)			
Currency Translation		9,52,78,522	(58,62,24,041)
Total comprehensive income for the year		6,80,70,638	(44,47,72,240)
Earnings per equity share:			
(1) Basic	2.23	(0.74)	3.86
(2) Diluted	2.23	(0.74)	3.86
General Information	1.01		
Significant Accounting Policies	1.02		
Notes to 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 Vanco UK Limited

Jitendra Sawjany
Partner
Membership No. 050980

Andrew Goldie
Director

Place : Mumbai
Date : 22nd May,2019

Place :
Date : 21st May,2019

Vanco UK Limited
Statement of Cash Flow 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		
Net Profit before tax as per Profit and Loss Account	(2,72,07,884)	14,14,51,801
Adjusted for:		
Provisions/ Liabilities to the extent no longer required	(2,43,94,591)	(9,72,66,643)
Unrealised Forex (Gains) / Losses	13,14,12,282	(12,81,737)
		(48,17,30,961)
Foreign Currency Translation and exchange movement (net)	7,80,33,607	
Depreciation/ Impairment and Amortisation	2,10,83,481	
	20,61,34,779	2,27,82,564
		(55,74,96,777)
Operating Profit before Working Capital Changes	17,89,26,895	-41,60,44,975.57
Adjusted for:		
(Increase)/ Decrease in trade receivables	6,26,54,741	33,55,93,357
(Increase)/ Decrease in other current assets	11,36,39,452	(6,70,38,403)
(Decrease)/ Increase in trade payables	16,29,14,616	55,89,89,353
(Decrease)/ Increase in other current liabilities	(1,54,01,447)	(4,20,16,229)
	32,38,07,362	78,55,28,078
Cash Generated from Operations	50,27,34,257	36,94,83,102
Net Cash from Operating Activities	50,27,34,257	36,94,83,102
B CASH FLOW FROM INVESTING ACTIVITIES		
Additions of Fixed Assets and Capital Work in Progress	(1,88,80,462)	(2,14,64,706)
Net Cash Used in Investing Activities	(1,88,80,462)	(2,14,64,706)
C CASH FLOW FROM FINANCING ACTIVITIES		
(Increase)/ Decrease in other financial assets	(88,38,03,550)	1,21,12,96,595
(Decrease)/ Increase in other financial liabilities	45,13,85,991	(1,64,04,45,472)
Financial Charges	-	-
Net Cash from Financing Activities	(43,24,17,559)	(42,91,48,877)
Net Increase/ (Decrease) in Cash and Cash Equivalents	5,14,36,236	(8,11,30,481)
Opening Balance of Cash and Cash Equivalents	2,42,67,022	10,53,97,503
Closing Balance of Cash and Cash Equivalents	7,57,03,258	2,42,67,022
As per our report of even date attached		

For Shridhar & Associates

Chartered Accountants

Firm Registration No. 134427W

For Vanco UK Limited
Jitendra Sawjany

Partner

Membership No. 050980

Andrew Goldie

Director

Place : Mumbai

Date : 22nd May,2019

Place :

Date : 21st May,2019

Vanco UK 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	Reserves and Surplus			Other Comprehensive Income		
		Capital Reserve	Securities Premium Reserve	Retained Earnings	Foreign Exchange Translation Reserve*		
Balance at April 01, 2017	29,68,313	3,08,90,112	73,12,07,798	(5,23,94,35,215)	99,05,32,305	(3,48,68,05,000)	(3,48,38,36,687)
Change in equity share capital during the year	-	-	-	-	-	-	-
Surplus/ (Deficit) of Statement of Profit and Loss	-	-	-	14,14,51,801	-	14,14,51,801	14,14,51,801
Foreign Exchange Movement	4,17,348	43,43,191	10,28,08,797	-	-	10,71,51,988	10,75,69,336
Currency translation	-	-	-	-	(58,62,24,041)	(58,62,24,041)	(58,62,24,041)
Balance at March 31, 2018	33,85,661	3,52,33,303	83,40,16,595	(5,09,79,83,414)	40,43,08,264	(3,82,44,25,252)	(3,82,10,39,591)
Change in equity share capital during the year	-	-	-	-	-	-	-
Surplus/ (Deficit) of Statement of Profit and Loss	-	-	-	(2,72,07,884)	-	(2,72,07,884)	(2,72,07,884)
Transfer to Statement of Profit and Loss	-	-	-	-	-	-	-
Foreign Exchange Movement	(68,399)	(7,11,807)	(1,68,49,372)	-	-	(1,75,61,179)	(1,76,29,578)
Currency translation	-	-	-	-	9,52,78,522	9,52,78,522	9,52,78,522
Balance at March 31, 2019	33,17,262	3,45,21,496	81,71,67,223	(5,12,51,91,298)	49,95,86,786	(3,77,39,15,793)	(3,77,05,98,531)

*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 Vanco UK Limited

Jitendra Sawjany

Partner

Membership No. 050980

Andrew Goldie

Director

Place : Mumbai

Date : 22nd May,2019

Place :

Date : 21st May,2019

Vanco UK Limited

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

1.01 GENERAL INFORMATION

Vanco UK Limited is a virtual Network operator. The Company provides enterprise clients with managed network solutions including the design, integration, implementation, security and management of global corporate networks. The Company provides IT Outsourcers enabling the sub-contract of the above service package as part of a wider IT outsourcing solution.

Vanco UK Limited is asset-light, instead purchasing infrastructure from the hundreds of carriers globally, the company get the best prices for clients, design a solution using the most appropriate technology to meet customers' global requirements, and is 100% focused on delivering the highest quality customer service.

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 principals (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 realisation 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

Vanco UK Limited

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

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 liability to 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 Translation

(i) Functional Currency and Presentation Currency

Initially, these financial statements are presented in Indian Rupee. Functional currency of the Company is GBP.

Vanco UK Limited

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

(ii) Transactions and Balances

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.

c) Financial Instruments

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

(a) 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').

Vanco UK Limited

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

(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.

Vanco UK Limited

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

(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 of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the standalone balance sheet if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

e) 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

Vanco UK Limited

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

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 3 to 20 years
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.

Vanco UK Limited

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

Intangible Assets

Computer software

Acquired computer software licenses 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 (three to five years).

Costs that are directly associated with the production of identifiable and unique software products controlled by the Group and that will probably generate economic benefits exceeding costs beyond one year, are recognized as intangible assets. Direct costs include the costs of software development employees and an appropriate portion of relevant overheads.

Computer software development costs recognized as assets are amortized over their estimated useful lives (not exceeding five 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) 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.

Vanco UK Limited

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

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 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) 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

Vanco UK Limited

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

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.

A network contract typically covers the design, supply and installation of the network and thereafter the provision of Packaged Network Solutions. Turnover relating to the initial part of the contract is recognized over the contract implementation period. The remainder of the contract value is recognized evenly over the period of the contract.

To the extent that the recognition differs from the contractual billing terms, either turnover is accrued or amounts billed in advance are treated as deferred income.

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

Eligible employees of the Company are covered by defined contribution pension plan/provident fund scheme. Contribution to the plan/fund is made to the insurance companies/local 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.

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 the consolidated financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognised in the period in which the results are known / materialized.

Vanco UK Limited

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

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.

NOTE # 2.01 Property, Plant and Equipment

(Amount in ₹)

Particulars	Leasehold Improvement	Network Assets	Computers	Furniture and Fixtures	Total
Gross carrying value					
As at April 01, 2018	19,87,22,152	1,15,68,375	66,89,35,215	2,26,23,530	90,18,49,272
Additions	4,31,323	80,84,619	16,92,685	-	1,02,08,627
Exchange Differences	(40,14,720)	(2,33,712)	(1,35,14,285)	(4,57,056)	(1,82,19,773)
As at March 31, 2019	19,51,38,755	1,94,19,282	65,71,13,615	2,21,66,474	89,38,38,096
Accumulated Depreciation					
As at April 01, 2018	19,83,90,441	58,95,117	66,19,28,220	2,26,23,530	88,88,37,308
Depreciation for the year	-	1,06,13,700	34,69,415	-	1,40,83,115
Exchange Differences	(38,40,363)	(2,96,090)	(1,34,30,581)	(4,57,056)	(1,80,24,090)
As at March 31, 2019	19,45,50,078	1,62,12,727	65,19,67,054	2,21,66,474	88,48,96,333
Closing net carrying value as at March 31, 2019	5,88,677	32,06,555	51,46,561	-	89,41,763
Gross carrying value as at March 31, 2019	19,51,38,755	1,94,19,282	65,71,13,615	2,21,66,474	89,38,38,096
Accumulated Depreciation	19,45,50,078	1,62,12,727	65,19,67,054	2,21,66,474	88,48,96,333
Closing net carrying value as at March 31, 2019	5,88,677	32,06,555	51,46,561	-	89,41,763

Particulars	Leasehold Improvement	Network Assets	Computers	Furniture and Fixtures	Total
Gross carrying value					
As at April 01, 2017	17,39,25,067	54,52,577	58,10,24,266	1,98,34,739	78,02,36,649
Additions	3,42,987	53,49,159	62,18,158	-	1,19,10,304
Exchange Differences	2,44,54,098	7,66,639	8,16,92,791	27,88,791	10,97,02,319
As at March 31, 2018	19,87,22,152	1,15,68,375	66,89,35,215	2,26,23,530	90,18,49,272
Accumulated Depreciation					
As at April 01, 2017	17,39,25,067	4,980	56,74,31,323	1,98,34,739	76,11,96,109
Depreciation for the year	10,451	54,58,140	1,37,84,774	-	1,92,53,365
Exchange Differences	2,44,54,923	4,31,997	8,07,12,123	27,88,791	10,83,87,834
As at March 31, 2018	19,83,90,441	58,95,117	66,19,28,220	2,26,23,530	88,88,37,308
Closing net carrying value as at March 31, 2018	3,31,711	56,73,258	70,06,995	-	1,30,11,964
Gross carrying value as at March 31, 2018	19,87,22,152	1,15,68,375	66,89,35,215	2,26,23,530	90,18,49,272
Accumulated Depreciation	19,83,90,441	58,95,117	66,19,28,220	2,26,23,530	88,88,37,308
Closing net carrying value as at March 31, 2018	3,31,711	56,73,258	70,06,995	-	1,30,11,964

Vanco UK Limited**Notes on accounts to Balance Sheet and Statement of Profit and Loss as on March 31, 2019****NOTE # 2.02 Capital Work in Progress**

Amount in INR	
Particulars	Capital Work in Progress
Balance at April 01, 2018	-
Additions during the year	66,00,656
<i>Less: Capitalised during the year/ year:</i>	
Property, Plant and Equipment (Refer Note ...)	-
Intangible Assets	-
Balance at March 31, 2019	66,00,656

Particulars	Capital Work in Progress
Balance at April 01, 2017	-
Additions during the year	-
<i>Less: Capitalised during the year</i>	-
Balance at March 31, 2018	-

NOTE # 2.03 Other Intangible Assets

(Amount in ₹)

Particulars	Internet Telephony Software	Total
Gross carrying value		
As at April 01, 2018	14,68,58,582	14,68,58,582
Additions	20,71,179	20,71,179
Transfer from CWIP	-	-
Disposals	-	-
Exchange Differences	(29,66,937)	(29,66,937)
As at March 31, 2019	14,59,62,824	14,59,62,824
Accumulated amortisation		
As at April 01, 2018	13,43,52,617	13,43,52,617
Amortisation for the year	68,29,867	68,29,867
Disposals	-	-
Exchange Differences	(28,28,176)	(28,28,176)
As at March 31, 2019	13,83,54,308	13,83,54,308
Closing net carrying value as at March 31, 2019	76,08,516	76,08,516
Gross carrying value as at March 31, 2019	14,59,62,824	14,59,62,824
Accumulated amortisation	13,83,54,308	13,83,54,308
Closing net carrying value as at March 31, 2019	76,08,516	76,08,516

(Amount in ₹)

Particulars	Internet Telephony Software	Total
Gross carrying value		
As at April 01, 2017	12,03,78,764	12,03,78,764
Additions	95,54,402	95,54,402
Transfer from CWIP	-	-
Disposals	-	-
Exchange Differences	1,69,25,416	1,69,25,416
As at March 31, 2018	14,68,58,582	14,68,58,582
Accumulated amortisation		
As at April 01, 2017	11,43,13,212	11,43,13,212
Amortisation for the year	35,29,199	35,29,199
Disposals	-	-
Exchange Differences	1,65,10,206	1,65,10,206
As at March 31, 2018	13,43,52,617	13,43,52,617
Closing net carrying value as at March 31, 2018	1,25,05,965	1,25,05,965
Gross carrying value as at March 31, 2018	14,68,58,582	14,68,58,582
Accumulated amortisation	13,43,52,617	13,43,52,617
Closing net carrying value as at March 31, 2018	1,25,05,965	1,25,05,965

Vanco UK Limited

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
NOTE # 2.04 Other Non-Current assets		
Investment in Subsidiaries	1,07,03,030	1,09,23,718
(Unquoted, Non Trade)		
10,00,00,000 (10,00,00,000) Equity Shares of Vanco International Limited @£ 0.001 each fully paid up		
Total	1,07,03,030	1,09,23,718
NOTE # 2.05 Other Financial Assets		
Deposits - Non Current	22,50,641	-
Prepaid Expenses - Non Current	4,43,78,685	-
Total	4,66,29,326	-
NOTE # 2.06 Trade Receivables (Unsecured)		
Considered Good	4,59,58,667	8,42,18,817
Considered Doubtful	9,77,919	27,82,553
Total	4,69,36,586	8,70,01,370
Less: Provision for Doubtful Debts	9,77,919	27,82,553
Total	4,59,58,667	8,42,18,817
NOTE # 2.07 Cash and Cash Equivalents		
Balances with Bank	7,57,03,258	2,42,67,022
Total	7,57,03,258	2,42,67,022
NOTE # 2.08 Others Current Financial Assets		
Unsecured, Considered good		
Due from Related Parties	1,00,61,60,038	30,03,98,096
(Refer Note 2.22)	1,00,61,60,038	30,03,98,096
Less: Provision for doubtful advances	-	-
Total	1,00,61,60,038	30,03,98,096
NOTE # 2.09 Current Tax Assets (Net)		
Advance Tax and Tax deducted at source Net	30,293	
Total	30,293	-
NOTE # 2.10 Other Current Assets		
Deposits	-	13,01,183
Unbilled Debtors	1,14,810	22,39,916
Balances with Government Authorities	1,43,844	3,16,31,232
Prepaid Expenses	14,83,38,204	22,58,27,282
Advances to Vendor	24,44,400	37,11,390
Others Loan & Advances	-	-
Total	15,10,41,258	26,47,11,003

	As at March 31, 2019	As at March 31, 2018		
NOTE # 2.11 Equity Share Capital				
Share Capital				
Authorised				
40,000,000 (40,000,000) Ordinary Shares of £ 0.001 each and 8,000,000 (8,000,000) deferred shares @£0.001 per share	43,39,836	44,29,320		
	<u>43,39,836</u>	<u>44,29,320</u>		
Issued, Subscribed and Paid up:				
34,081,765 (34,081,765) Ordinary Shares of £ 0.001 each fully Paid up and 2,607,986 (2,607,986) deferred shares @£0.001 per share	33,17,262	33,85,661		
	<u>33,17,262</u>	<u>33,85,661</u>		
a) Shares held by Holding Company and Subsidiary of Holding Company				
	No. of Shares	No. of Shares		
Ordinary Shares				
Held by Reliance Vanco Group limited	3,40,81,765	3,40,81,765		
Deferred Shares				
Held by Reliance Vanco Group Limited	26,07,986	26,07,986		
	<u>3,66,89,751</u>	<u>3,66,89,751</u>		
b) Details of shares held by shareholders holding more than 5% of the aggregate shares in the Company				
Ordinary Shares	% of Holding	No. of Shares	% of Holding	No. of Shares
Held by Reliance Vanco Group limited	100%	3,40,81,765	100%	3,40,81,765
Deferred Shares				
Held by Reliance Vanco Group Limited	100%	26,07,986	100%	26,07,986
c) Rights, Preferences and Restriction attached to the shares				
A) Ordinary Shares				
The Company has Ordinary Shares (shares) having a par value of £ 0.001 each per share and each holder of Ordinary 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.				
B) Deferred Shares				
The Company has Ordinary Shares (shares) having a par value of £ 0.001 per share. The deferred shares carry no voting right.				
Global cloudXChange limited (a ultimate holding company) had issued 7 % senior secured noted of USD 350 Millions. These Notes are guaranteed by Reliance Vanco Group limited and its material subsidiaries and secured by way of a pledge of Ordinary shares.				
d) Reconciliation of share outstanding at the beginning and at the end of March 31, 2019				
Ordinary Share	No. of Shares	Amount	No. of Shares	Amount
Balance as at the beginning of the year	3,40,81,765	30,81,466	3,40,81,765	31,45,003
Add: Shares issued during the year	-	-	-	-
Balance at the end of Period	<u>3,40,81,765</u>	<u>30,81,466</u>	<u>3,40,81,765</u>	<u>31,45,003</u>
Deferred Shares				
Balance as at the beginning of the year	26,07,986	2,35,796	26,07,986	2,40,658
Add: Shares issued during the year	-	-	-	-
Balance at the end of Period	<u>26,07,986</u>	<u>2,35,796</u>	<u>26,07,986</u>	<u>2,40,658</u>
	As at March 31, 2019		As at March 31, 2018	
NOTE # 2.12 Other Equity				
Foreign Exchange Translation Reserve	49,95,86,786		40,43,08,264	
Securities Premium Account	81,71,67,223		83,40,16,595	
Capital Reserves	3,45,21,496		3,52,33,303	
Retained Earnings				
Opening Balances	(5,09,79,83,414)		(5,23,94,35,215)	
Add: Surplus/ (Deficit) during the year	(2,72,07,884)		14,14,51,801	
Balance Carried forward	-	(5,12,51,91,298)	-	(5,09,79,83,414)
	<u>(3,77,39,15,793)</u>		<u>(3,82,44,25,252)</u>	

Vanco UK Limited**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
NOTE # 2.13 Trade Payables-Current		
Trade Payables	1,64,58,77,949	1,32,30,18,230
Trade Accrual	37,43,94,463	53,43,39,566
Total	2,02,02,72,412	1,85,73,57,796
NOTE # 2.14 Other Financial liabilities-Current		
Employee Benefits Payable	5,80,66,638	7,87,84,764
Amount due to customer	2,22,73,462	-
Due to Related Parties	2,89,56,50,010	2,44,58,19,355
Total	2,97,59,90,110	2,52,46,04,119
NOTE # 2.15 Other Current liabilities		
Unearned Income	12,89,39,310	14,91,14,261
Statutory Dues Payable	47,73,504	-
Total	13,37,12,814	14,91,14,261

Vanco 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
NOTE # 2.16 Revenue from Operations		
Enterprise Value Added Services	3,12,50,66,128	2,95,24,97,239
Total	3,12,50,66,128	2,95,24,97,239
NOTE # 2.17 Other Income		
Gain on Foreign Exchange Fluctuation	(13,48,25,429)	12,01,20,580
Reversal of Provision for Doubtful Debts	17,78,070	1,36,50,356
Reversal of Provision	2,26,16,521	8,36,16,287
Miscellaneous Income	43,48,172	61,09,939
Total	(10,60,82,666)	22,34,97,162
NOTE # 2.18 Network Operating Expenses		
Network Operating Expenses	2,74,96,48,359	2,56,73,86,772
Total	2,74,96,48,359	2,56,73,86,772
NOTE # 2.19 Employee Benefits Expenses		
Salaries, Wages and Bonus	15,01,41,321	34,66,98,855
Contribution to Provident, Gratuity and Superannuation Fund	2,52,79,295	1,57,91,453
Employee Welfare and Other Amenities	45,51,634	56,58,250
Total	17,99,72,250	36,81,48,558
NOTE # 2.20 Depreciation & Amortization		
Depreciation & Amortization	2,10,83,481	2,27,82,564
Total	2,10,83,481	2,27,82,564
NOTE # 2.21 Other Expenses		
Insurance	59,71,008	65,05,364
Legal Fees	1,62,48,683	26,39,757
Professional Fees	1,01,64,839	56,76,788
Travel and Entertainment	2,18,71,299	2,03,22,350
Communication	1,58,91,839	1,41,93,298
Bank Charges	7,26,307	8,61,981
Information Technology Support	-	58,30,837
Sales and Marketing Expenses	11,21,614	8,48,155
Management Cost Group Recharge	83,55,626	63,71,510
Repairing & Maintenances Building	58,753	4,77,684
Repairing & Maintenances Others	65,14,177	7,06,243
Parking Expenses	10,02,835	29,92,019
Facility Usage charges	-	1,71,053
Miscellaneous	52,40,925	64,57,174
	9,31,67,905	7,40,54,213
Payment to Auditors	23,19,351	21,70,493
Total	9,54,87,256	7,62,24,706

Vanco UK Limited

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

Note 2.22

Segment Reporting

The Company has determined its business segment as telecommunication network unit taking into account the nature of services provided, class of customers for the services provided, the differing risks and returns and the internal business reporting systems. Since 100% of the business of Company is from telecommunication network unit, there are no other reportable segments.

The segment revenue, segment result, total carrying amount of segment assets, total amount of segment liabilities, total cost incurred during the year to acquire segments assets, segment depreciation and amortisation for the year are reflected within the financial statements of the Company as of and for the year ended March 31, 2019.

Substantial network assets are located across geographic territories and therefore not identifiable to any particular geographical segment.

Note 2.23

Earnings per Share

		INR except number of shares	
Particulars		Year ended March 31, 2019	Year ended March 31, 2018
A	Profit/(Loss) attributable to Equity Shareholders	(2,72,07,884)	14,14,51,800
B	Weighted average number of share of GBP 0.001 each used as denominator for calculating Basic and Diluted EPS	36,689,751	36,689,751
C	Basic and Diluted Earnings per Share (A/B)	(0.74)	3.86

Note 2.24

Notes to Foreign Exchange Translation Reserve

The amounts relating to Balance Sheet items appearing in Indian Rupees have been translated at Closing Rate of 1 GBP = USD 1.3074 & 1 USD = INR 69.1550 (March 31, 2018 1 GBP = INR 92.2775) and items relating to profit and loss have been translated at average rate of 1 GBP = USD 1.31510 & 1 USD = INR 69.9160 (March 31, 2018 1 GBP = INR 85.5198).

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 :

List of related parties:

(a) Parties where control exist:

- i. Reliance Communication Limited
- ii. Reliance Vanco Group Limited

(b) Enterprises as affiliated companies are:

- i) Vanco ROW Limited
- ii) Vanco Global Limited
- iii) Vanco International Limited
- iv) VNO Direct Limited
- v) Vanco SAS
- vi) Euronet Spain SA
- vii) Vanco Srl
- viii) Vanco GmbH
- ix) Vanco Deutschland GmbH
- x) Vanco Switzerland A.G.
- xi) Vanco B.V.
- xii) Vanco NV
- xiii) Vanco US LLC
- xiv) Vanco Solutions Inc.
- xv) Vanco Australasia Pty. Limited
- xvi) Vanco (Asia Pacific) Pte. Limited
- xvii) Vanco Japan KK
- xviii) Reliance Globalcom Management Private Limited
- xix) Vanco (Shanghai) Co. Ltd.
- xx) Vanco Sp Zoo
- xxi) Vanco Sweden AB
- xxii) Vanco South America Ltda
- xxiii) FLAG Telecom Ireland Network DAC
- xxiv) Reliance Globalcom UK Limited
- xxv) Reliance Globalcom Limited
- xxvi) Reliance Communication Infrastructure Limited

Vanco UK Limited

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

		(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	57,51,16,636	86,12,87,437
Fellow subsidiaries	1,99,81,51,903	1,27,07,73,445
Total	2,57,32,68,539	2,13,20,60,882

(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	86,18,26,721	51,78,65,729
Total	86,18,26,721	51,78,65,729

(e) Year-end balances arising from sales/purchases of services		
Particulars	As at March 31, 2019	As at March 31, 2018
Trade Payables/Accruals		
Parent company	-	-
Fellow subsidiaries	1,47,17,06,853	1,14,87,58,906
Total	1,47,17,06,853	1,14,87,58,906

Particulars	As at March 31, 2019	As at March 31, 2018
Due from related parties		
Parent company	-	-
Fellow subsidiaries	1,00,61,60,038	30,03,98,096
Total	1,00,61,60,038	30,03,98,096

Particulars	As at March 31, 2019	As at March 31, 2018
Due to related parties		
Parent company	1,71,02,48,723	2,08,23,51,994
Fellow subsidiaries	1,18,54,01,287	36,34,67,361
Total	2,89,56,50,010	2,44,58,19,355

Vanco UK Limited

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

Note 2.26

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

For Shridhar & Associates

Chartered Accountants

Firm Registration No. 134427W

For Vanco UK Limited

Jitendra Sawjany

Partner

Membership No. 050980

Andrew Goldie

Director

Place : Mumbai

Date : 22nd May, 2019

Place :

Date : 21st May, 2019

Independent Auditors' Report

To the Board of Vanco Asia Pacific PTE Limited

Report on the Ind AS Financial Statements

Opinion

We have audited the accompanying standalone Ind AS financial statements of **Vanco Asia Pacific 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 & 2.09 of the notes to the financial statements where the company has negative net worth amounting to INR 7,02,56,885 for the year 2019 and INR 16,33,534 for the year 2018 (excluding loss on account of FCTR). The financial statements are prepared under going concern assumption since the ultimate parent company(GCX Limited) will continue to support the company in meeting its liabilities as they fall due within the coming 12 months.

The (GCX Limited) 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 Sawjany
Partner
Membership No.050980

Place: Mumbai
Date: 22nd May 2019

Vanco Asia Pacific Pte Limited

Balance Sheet as on March 31, 2019

		(Amount in ₹)	
Particulars	Note No.	As at March 31, 2019	As at March 31, 2018
ASSETS			
Non-Current Assets			
Property, Plant and Equipment	2.01	-	9,689
Capital Work in Progress	2.02	29,53,887	25,43,076
Other Non current assets	2.03	2,38,08,821	-
Current Assets			
Financial Assets			
Trade receivables	2.04	5,69,16,985	5,89,83,408
Cash and cash equivalents	2.05	1,50,76,896	1,30,27,922
Others Financial Assets	2.06	12,23,06,773	10,99,46,058
Other current assets	2.07	2,45,79,830	4,75,97,473
Total Assets		24,56,43,192	23,21,07,626
EQUITY AND LIABILITIES			
Equity			
Equity Share Capital	2.08	10,20,75,408	10,03,61,655
Other Equity	2.09	(17,63,36,469)	(10,48,85,192)
Total Equity		(7,42,61,061)	(45,23,537)
Liabilities			
Current liabilities			
Financial Liabilities			
Trade Payables	2.10	8,61,58,071	13,37,39,074
Other financial liabilities	2.11	16,29,20,536	4,03,65,224
Other Current liabilities	2.12	7,08,25,646	6,25,26,865
Total Current liabilities		31,99,04,253	23,66,31,163
Total Equity and Liabilities		24,56,43,192	23,21,07,626
General Information			
	1.01		
Significant Accounting Policies	1.02		
Notes on Accounts	2		

The accompanying notes form an integral part of the Financial statements

As per our report of even date attached

For Shridhar & AssociatesChartered Accountants
Firm Registration No. 134427W**For Vanco Asia Pacific Pte Limited****Jitendra Sawjany**

Partner

Membership No. : 050980

Andrew Goldie

Director

Hong Meng Lee

Director

Place: Mumbai

Date: 22nd May, 2019

Place:

Date: 21st May, 2019

Place:

Date: 21st May, 2019

Vanco Asia Pacific Pte Limited

Statement of Profit & Loss for the year Ended March 31,2019

(Amount in ₹)

Particulars	Note No.	For the year Ended March 31,2019	For the year Ended March 31,2018
Revenue from Operations	2.13	61,52,68,141	62,57,21,010
Other Income	2.14	33,91,485	65,43,462
Total Income		61,86,59,626	63,22,64,472
Expenses:			
Network Operating Expenses	2.15	59,43,76,610	49,65,99,625
Employee Benefits Eexpense	2.16	4,11,27,597	11,60,92,530
Depreciation and Amortization Expense	2.17	9,858	1,51,370
Other expenses	2.18	5,34,82,665	6,16,51,993
Total Expenses		68,89,96,730	67,44,95,518
Profit/(Loss) before tax		(7,03,37,104)	(4,22,31,046)
Tax expense:			
(1) Current tax		-	-
(2) Deferred tax		-	-
Profit (Loss) for the year		(7,03,37,104)	(4,22,31,046)
Other comprehensive income			
Items that may be subsequently reclassified to statement of profit or loss			
Currency translations		(11,14,173)	(68,58,758)
Total other comprehensive income for the year		(11,14,173)	(68,58,758)
Total comprehensive income for the year		(7,14,51,277)	(4,90,89,804)
(Loss) / Earnings per equity share:	2.2		
(1) Basic		(35.17)	(21.12)
(2) Diluted		(35.17)	(21.12)
General Information	1.01		
Significant Accounting Policies	1.02		
Notes on Accounts	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 Vanco Asia Pacific Pte Limited

Jitendra Sawjany
Partner
Membership No. : 050980

Andrew Goldie
Director

Hong Meng Lee
Director

Date: 22nd May,2019
Place: Mumbai

Date: 21st May,2019
Place:

Date: 21st May,2019
Place:

Vanco Asia Pacific Pte Limited
Statement of changes in equity for the year ended March 31,2019

(Amount in ₹)

Particulars	Equity	Other Equity			Total Equity
	Share Capital	Reserves & Surplus	Other Comprehensive Income	Total Other Equity	
		Retained Earnings	Foreign currency translations reserve*		
Balance as at April 1, 2017	9,29,16,619	(5,97,64,143)	39,68,755	(5,57,95,388)	3,71,21,231
Net Profit/ (Loss) for the year	-	(4,22,31,046)	-	(4,22,31,046)	(4,22,31,046)
Currency translations	-	-	(68,58,758)	(68,58,758)	(68,58,758)
Foreign Exchange Movement	74,45,036	-	-	-	74,45,036
Balance as at March 31,2018	10,03,61,655	(10,19,95,189)	(28,90,003)	(10,48,85,192)	(45,23,537)
Net Profit/ (Loss) for the year		(7,03,37,104)		(7,03,37,104)	(7,03,37,104)
Currency translations			(11,14,173)	(11,14,173)	(11,14,173)
Foreign Exchange Movement	17,13,753				17,13,753
Balance as at March 31,2019	10,20,75,408	(17,23,32,293)	(40,04,176)	(17,63,36,469)	(7,42,61,061)

*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 Vanco Asia Pacific Pte Limited

Jitendra Sawjany
Partner
Membership No. : 050980

Andrew Goldie
Director

Hong Meng Lee
Director

Place: Mumbai
Date: 22nd May,2019

Place:
Date: 21st May,2019

Place:
Date: 21st May,2019

Vanco Asia Pacific Pte 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 / (Loss) before tax	(7,03,37,104)	(4,22,31,046)
Adjustments for:		
Depreciation and amortisation expense	9,858	1,51,370
Foreign currency translation reserve	(2,39,87,642)	5,82,155
	(9,43,14,888)	(4,14,97,521)
Changes in working capital		
(Increase)/ Decrease in trade receivables	20,66,423	8,77,244
(Increase)/ Decrease in other financial assets	(1,23,60,715)	30,56,86,992
(Increase) / Decrease in other current assets	2,30,17,643	4,95,03,739
(Decrease) / Increase in trade payables	(4,75,81,003)	(10,13,07,683)
(Decrease) / Increase in other financial liabilities	12,25,55,312	(21,22,07,968)
(Decrease)/ Increase in other current liabilities	82,98,781	55,29,860
Cash generated from / (used in) operations	9,59,96,441	4,80,82,184
Net cash generated from / (used in) operating activities (A)	16,81,553	65,84,663
B) CASH FLOW FROM INVESTING ACTIVITIES:		
Addition to Fixed Assets and CWIP	3,67,419	(25,43,076)
Net cash (used in) / generated from investing activities (B)	3,67,419	(25,43,076)
C) CASH FLOW FROM FINANCING ACTIVITIES:		
Net cash generated from financing activities (C)	-	-
Net (Decrease) in cash and cash equivalents (A+B+C)	20,48,972	40,41,587
Cash and cash equivalents at the beginning of the year	1,30,27,922	89,86,338
Cash and cash equivalents at the end of the year	1,50,76,896	1,30,27,922

As per our report of even date attached
For Shridhar & Associates

Chartered Accountants

Firm Registration No. 134427W

Jitendra Sawjany

Partner

Membership No. : 050980

Place: Mumbai

Date: 22nd May,2019

For Vanco Asia Pacific Pte Limited
Andrew Goldie

Director

Place:

Date: 21st May,2019

Hong Meng Lee

Director

Place:

Date: 21st May,2019

1.1 General Information

Vanco Asia Pacific Pte Limited is a virtual Network operator. The Company provides enterprise clients with managed network solutions including the design, integration, implementation, security and management of global corporate networks.

1.2 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.

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 liability to 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

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

have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions

b) Foreign Currency Translation

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.

Functional Currency and Presentation Currency

Initially, these financial statements are presented in Indian Rupee. Functional currency of the Company is SGD.

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
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

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

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

Intangible assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized 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 compared at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other 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 recognized when the Company becomes a party to the contractual provisions of the instrument.

(a) 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

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

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

(III) Subsequent measurement

Financial liabilities are subsequently measured at amortized 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 recognized in the statement of profit and loss.

(IV) Derecognition of financial liabilities

A financial liability is derecognized 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 recognized in the Statement of profit and loss.

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.

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

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 recognized initially at fair value and subsequently measured at amortized cost using effective interest rate method.

j) Provisions and Contingent Liabilities

Provisions are recognized when there is a present 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 recognised 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.

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

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.

Managed Network Solution Services

A network contract typically covers the design, supply and installation of the network and thereafter the provision of packaged network solutions. Revenue relating to the initial part of the contract is determined by the value of the component elements represented by the equipment installed and time expended on this element of the Contract. The remainder of the contract value covering provisions of packaged network solutions is recognised evenly over the period of contract.

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.

Unbilled Revenue

Where the Services are performed prior to billing, an accrued income is recognized in unbilled revenue

m) Employee Benefits

Eligible employees of the Company are covered by defined contribution pension plan/provident fund scheme. Contribution to the plan/fund is made to the insurance companies/local 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.

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 company reporting package and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognized in the period 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.

Vanco Asia Pacific Pte Ltd.

Notes forming part of Financial Statements on March 31, 2019

(Amount in ₹)

2.01 Property Plant & Equipment

Particulars	Computers	Furniture and Fixtures	Total
Gross carrying value			
As at April 01, 2018	2,22,91,568	2,67,420	2,25,58,988
Currency Translations	3,80,622	4,636	3,85,258
As at March 31, 2019	2,26,72,190	2,72,056	2,29,44,246
Accumulated Depreciation			
As at April 01, 2018	2,22,81,879	2,67,420	2,25,49,299
Depreciation for the year	9,858		9,858
Currency Translations	3,80,453	4,636	3,85,089
As at March 31, 2019	2,26,72,190	2,72,056	2,29,44,246
Gross carrying value as at March 31, 2019	2,26,72,190	2,72,056	2,29,44,246
Accumulated Depreciation	2,26,72,190	2,72,056	2,29,44,246
Closing net carrying value as at March 31, 2019	-	-	-

Particulars	Computers	Furniture and Fixtures	Total
Gross carrying value			
As at April 01, 2017	2,06,37,896	2,47,623	2,08,85,519
Currency Translations	16,53,672	19,797	16,73,469
As at March 31, 2018	2,22,91,568	2,67,420	2,25,58,988
Accumulated Depreciation			
As at April 01, 2018	2,04,96,430	2,32,152	2,07,28,583
Depreciation for the year	1,35,549	15,821	1,51,370
Currency Translations	16,49,900	19,447	16,69,346
As at March 31, 2018	2,22,81,879	2,67,420	2,25,49,299
Gross carrying value as at March 31, 2018	2,22,91,568	2,67,420	2,25,58,988
Accumulated Depreciation	2,22,81,879	2,67,420	2,25,49,299
Closing net carrying value as at March 31, 2018	9,689	-	9,689

Vanco Asia Pacific Pte Ltd.**Notes forming part of Financial Statements on March 31,2019**

		(Amount in ₹)	
Particulars		As at	As at
		March 31,2019	March 31,2018
2.02	Capital work-in-progress		
	Balance at the beginning of the period	25,43,076	
	Additions during the period	3,67,419	25,43,076
	<i>Less: Capitalised during the period:</i>		
	Currency Translations	43,392	
	Balance at the closing of the period	29,53,887	25,43,076

Vanco Asia Pacific Pte Ltd.**Notes forming part of Financial Statements on March 31,2019**

(Amount in ₹)

Particulars	As at March 31,2019	As at March 31,2018
2.03 Other Non-current Assets		
Deposits-LT	2,31,18,032	-
Prepaid Expenses-LT	6,90,789	-
	<u>2,38,08,821</u>	<u>-</u>
2.04 Trade Receivables (Unsecured)		
Considered Good	5,69,72,171	6,09,41,906
Considered Doubtful	-	-
Total	<u>5,69,72,171</u>	<u>6,09,41,906</u>
Less: Provision for Doubtful Debts	(55,186)	(19,58,498)
Total	<u>5,69,16,985</u>	<u>5,89,83,408</u>
2.05 Cash and Cash Equivalents		
Balance with Banks	1,50,75,513	1,30,26,538
Cash on hand	1,383	1,384
Total	<u>1,50,76,896</u>	<u>1,30,27,922</u>
2.06 Other Financial Assets		
Group Company Receivables	12,23,06,773	10,99,46,058
Total	<u>12,23,06,773</u>	<u>10,99,46,058</u>
2.07 Other Current Assets (Unsecured, Considered good)		
Deposits	10,46,384	2,29,19,516
Balances with Government Authorities	1,56,152	8,20,347
Prepaid Expenses	54,04,463	1,11,55,704
Advances to Vendor	1,79,72,831	1,27,01,906
Total	<u>2,45,79,830</u>	<u>4,75,97,473</u>

Vanco Asia Pacific Pte Ltd.**Notes forming part of Financial Statements on March 31,2019**

(Amount in ₹)

	As at March 31,2019	As at March 31,2018
2.08 Share Capital		
Authorised		
2,000,000(2,000,000) Ordinary Shares of SGD 1 each	10,03,61,655	10,03,61,655
	10,03,61,655	10,03,61,655
Issued, Subscribed and Paid up		
2,000,000(2,000,000) Ordinary Shares of SGD 1 each fully paid up.	10,03,61,655	10,03,61,655
	10,03,61,655	10,03,61,655

a) Shares held by Holding Company and Subsidiary of Holding Company.

	As at March 31,2019 No. of Shares	As at March 31,2018 No. of Shares
Reliance Vanco Group Limited	19,99,000	19,99,000
Vanco UK Limited	1,000	1,000
	20,00,000	20,00,000

b) Details of Shareholders holding more than 5% of the aggregate shares in the company.

	As at March 31,2019		As at March 31,2018	
Particulars	% of Holding	No. of Shares	% of Holding	No. of shares
Reliance Vanco Group Limited	99.95	19,99,000	99.95	19,99,000

c) Terms/Rights attached to ordinary shares

The company has Ordinary shares having a par Value of SGD 1 per share. Each Shareholder is entitled to one Vote per share. In the even 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 Shareholders.

d) Movement in Share Capital

Ordinary Shares	As at 31st March,2019		As at 31st March,2018	
	No. of Shares	Amt	No. of Shares	Amt
Balance as at the beginning of the year	20,00,000	10,03,61,655	20,00,000	10,03,61,655
Add : Movement for the Year	-	-	-	-
At the end of the year	20,00,000	10,03,61,655	20,00,000	10,03,61,655

Vanco Asia Pacific Pte Ltd.**Notes forming part of Financial Statements on March 31,2019**

Particulars	(Amount in ₹)	
	As at March 31,2019	As at March 31,2018
2.09 Other Equity		
Reserve and Surplus		
Balance as at the beginning of the year	(10,66,75,944)	(5,97,64,143)
Profit / (Loss) for the Year	(7,03,37,104)	(4,22,31,046)
Balance as at the end of the Year	(17,70,13,048)	(10,19,95,189)
Foreign Currency Transalation Reserve	6,76,579	(28,90,003)
Total	(17,63,36,469)	(10,48,85,192)
2.10 Trade Payables		
Trade Payables	8,61,58,071	13,37,39,074
Total	8,61,58,071	13,37,39,074
2.11 Other Financial Liabilities- Current		
Payable to Related Party	16,02,53,020	10,85,553
Employee Payable	26,67,516	3,92,79,671
Total	16,29,20,536	4,03,65,224
2.12 Other Current Liabilities		
Unearned Income	7,08,25,646	6,25,26,865
Total	7,08,25,646	6,25,26,865

Vanco Asia Pacific Pte Limited
Notes forming part of Financial Statements on 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		
Enterprise Value Added Services	61,52,68,141	62,57,21,010
Total	61,52,68,141	62,57,21,010
2.13 Other Income		
Reversal of Provision for Doubtful Debts	19,55,620	-
Reversal of Excess Provisions	4,87,804	65,43,462
Miscellaneous Income	9,48,061	
Total	33,91,485	65,43,462
2.13 Network Operating Expenses		
Network Operating Expenses	59,43,76,610	49,65,99,625
Total	59,43,76,610	49,65,99,625
2.14 Employee Benefits Expense		
Salaries, Wages and Bonus	3,56,03,255	11,02,84,880
Contribution to Provident, Gratuity and Superannuation Fund	-	51,85,237
Employee Welfare and Other Amenities	55,24,342	6,22,413
Total	4,11,27,597	11,60,92,530
2.15 Depreciation & Amortization		
Depreciation & Amortization	9,858	1,51,370
Total	9,858	1,51,370
2.16 Other Expenses		
Rent	45,75,513	50,47,977
Rates and Taxes	-	2,82,728
Legal Fees	3,10,287	3,79,280
Professional Fees	8,93,246	6,17,795
Travel and Entertainment	29,19,553	23,89,595
Communication	16,39,740	7,71,816
Bank Charges	20,80,630	4,40,512
Foreign Exchange Gain/Loss (Net)	34,59,305	2,27,22,184
Information Technology Support	56,981	33,609
Provision for Doubtful Debts	-	18,53,642
Sales and Marketing Expenses	-	16,591
Management Cost Group Recharge	3,69,77,594	2,40,92,724
Repairing & Maintanances Others	-	16,92,437
Facility Usage charges	-	3,19,673
Licensing and Regulatory Fees	-	18,985
Miscellaneous	1,86,117	14,367
	5,30,98,966	6,06,93,915
Payment to Auditors	3,83,699	9,58,078
Total	5,34,82,665	6,16,51,993

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

2.19 Segment Reporting

The Company has determined its business segment as telecommunication network unit taking into account the nature of services provided, class of customers for the services provided, the differing risks and returns and the internal business reporting systems. Since 100% of the business of Company is from telecommunication network unit, there are no other reportable segments.

The segment revenue, segment result, total carrying amount of segment assets, total amount of segment liabilities, total cost incurred during the year to acquire segments assets, segment depreciation and amortization for the year are reflected within the financial statements of the Company as of and for the year ended March 31,2019

Substantial network assets are located across geographic territories and therefore not identifiable to any particular geographical segment.

2.20 Earnings per Share

		INR except number of shares	
Particulars		Year ended March 31, 2019	Year ended March 31, 2018
A	Profit/(Loss) after Tax	(70,337,104)	(4,22,31,046)
B	Weighted average number of share of Euro 1 each used as denominator for calculating Basic and Diluted EPS	2000000	2000000
C	Basic and Diluted Earnings per Share (A/B)	(35.17)	(21.12)

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 = INR 69.155 (March 31, 2018 1 GBP = INR 92.2775) and items relating to profit and loss have been translated at average rate of 1 USD = INR 69.916 and (March 31, 2018 1 GBP = INR 85.5198). The amounts have been converted in INR to comply with the financial reporting requirement in India.

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 basis:

- a) Parties where control exist:
 - i) Reliance Communications Limited
 - ii) Reliance Vanco Group Limited
- b) Enterprises as affiliated companies are:
 - i) Vanco UK Limited
 - ii) Vanco Row Limited
 - iii) Vanco International Limited
 - iv) Vanco Global Limited
 - v) Euronet Spain SA
 - vi) Vanco Srl
 - vii) Vanco GmbH
 - viii) Vanco Deutschland GmbH

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

- ix) Vanco Switzerland A.G.
- x) Vanco B.V.
- xi) Vanco Benelux BV
- xii) Vanco NV
- xiii) Vanco US LLC
- xiv) Vanco Solutions Inc.
- xv) Vanco Australasia Pty. Limited
- xvi) Vanco (Asia Pacific) Pte. Limited
- xvii) Vanco Japan KK
- xviii) Vanco Sweden AB

c) Sales of services

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Service Revenue		
Parent company	3,56,04,272	-
Fellow subsidiaries	27,57,80,289	33,38,63,655
Total	31,13,84,561	33,38,63,655

d) Purchases of services

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Network Operating Expenses		
Parent company	-	3,87,45,943
Fellow subsidiaries	14,19,70,410	7,10,02,533
Total	14,19,70,410	10,97,48,476

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

Particulars	As at March 31, 2019	As at March 31, 2018
Due from Related Party		
Parent company	-	2,97,08,800
Fellow subsidiaries	12,23,06,773	80,237,258
Total	12,23,06,773	109,946,058

Vanco Asia Pacific 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 Party		
Parent company	2,30,36,637	-
Fellow subsidiaries	13,72,16,383	10,85,553
Total	16,02,53,020	10,85,553

2.23 Previous year figure have been regrouped or reclassified wherever necessary.

For Shridhar & Associates

Chartered Accountants

Firm Registration No. : 134427W

For Vanco Asia Pacific Pte Limited

Jitendra Sawjany

Partner

Membership Number: 050980

Hong Meng Lee

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 Vanco Sweden AB

Report on the Ind AS Financial Statements

Opinion

We have audited the accompanying standalone Ind AS financial statements of **Vanco Sweden AB** ("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 Sawjany
Partner
Membership No.050980

Place: Mumbai
Date: 22nd May 2019

Vanco Sweden AB
Balance Sheet as on March 31, 2019

		(Amount in ₹)	
Particulars	Note No.	As at March 31, 2019	As at March 31, 2018
ASSETS			
Current Assets			
Financial Assets			
- Cash and Cash Equivalents	2.01	-	47,62,811
- Others	2.02	14,02,53,846	2,26,76,181
Income Tax Assets (Net)	2.03	77,39,014	69,51,356
Other Current Assets	2.04	1,62,38,247	4,46,346
Total Assets		16,42,31,107	3,48,36,694
EQUITY AND LIABILITIES			
Equity			
Equity Share Capital	2.05	37,24,879	39,36,281
Other Equity	2.06	(10,00,992)	60,91,238
Total Equity		27,23,887	1,00,27,519
LIABILITIES			
Current Liabilities			
Financial Liabilities			
- Trade Payables	2.07	40,27,733	94,59,274
- Other Financial Liabilities	2.08	15,74,79,487	1,53,49,901
Other Current Liabilities	2.09	-	-
Total Liabilities		16,15,07,220	2,48,09,175
Total Equity and Liabilities		16,42,31,107	3,48,36,694
General Information	1.01		
Significant Accounting Policies	1.02		
Notes to 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 Accountant
Firm Registration No. 134427W

For Vanco Sweden AB

Jitendra Sawjany
Partner
Membership no. 050980

Andrew Goldie
Director

Janet Troxell
Director

Place: Mumbai
Date: 22nd May 2019

Place:
Date: 21st May 2019

Place:
Date: 21st May 2019

Vanco Sweden AB
Statement of Profit & Loss Account for the year ended 31 March 2019

Particulars	Note	(Amount in ₹)	
		For the Year Ended March 31, 2019	For the Year Ended March 31, 2018
INCOME			
Revenue from Operations	2.10	16,99,67,370	5,63,98,407
Other Income	2.11	3,47,462	30,50,238
Total Income		17,03,14,832	5,94,48,645
Expenses:			
Network Operating Expenses	2.12	16,51,40,241	4,89,82,292
Employee Benefits Eexpense	2.13	-	28,45,418
Finance costs	2.14	9,62,094	21,637
Other Expenses	2.15	1,13,11,498	73,81,223
Total Expenses		17,74,13,833	5,92,30,570
Profit before extraordinary items and tax (V - VI)		(70,99,001)	2,18,075
Extraordinary items		-	-
Profit/(Loss) before tax		(70,99,001)	2,18,075
Tax expense:			
(1) Current tax	2.16	-	(11,06,285)
(2) Deferred tax		-	-
Profit/(Loss) for the period		(70,99,001)	(8,88,210)
Other comprehensive income			
Items that may be subsequently reclassified to statement of profit or loss			
Currency translation		17,355	5,10,574
Total other comprehensive income for the year		17,355	5,10,574
Total comprehensive income for the year		(70,81,646)	(3,77,636)
Earnings per equity share:			
(1) Basic	2.18	(1,419.80)	(177.64)
(2) Diluted		(1,419.80)	(177.64)
General Information	1.01		
Significant Accounting Policies	1.02		
Notes to 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 Vanco Sweden AB

Jitendra Sawjiy
Partner
Membership no. 050980

Andrew Goldie
Director

Janet Troxell
Director

Place: Mumbai
Date: 22nd May 2019

Place:
Date: 21st May 2019

Place:
Date: 21st May 2019

Vanco Sweden AB
Statement of Cash flows for the year ended March 31, 2019

Particulars	(Amount in ₹)	
	For the year ended March 31, 2019	For the year ended March 31, 2018
A) CASH FLOW FROM OPERATING ACTIVITIES		
Profit before Tax	(70,99,001)	2,18,076
Adjustments for:		
Interest Expenses	9,62,094	21,636
Financial Income	-	(42,931)
Foreign Currency Translation and exchange movement (net)	(2,04,631)	8,31,193
	(63,41,538)	10,27,974
Adjustments for:		
(Decrease)/ Increase in Trade Payables	(54,31,541)	(1,66,50,130)
(Decrease)/ Increase in Other Financial Liabilities	14,21,29,586	(8,84,81,854)
(Decrease)/ Increase in Other Current Liabilities	-	(4,89,342)
Decrease/(Increase) in Trade Receivables	-	-
(Increase)/ Decrease in Other Financial Assets	(11,75,77,665)	10,75,81,433
Decrease/(Increase) in Other Current Assets	(1,57,91,900)	(3,84,113)
	(30,13,058)	26,03,968
Cash Generated from Operations		
Income tax (paid) / refund	(7,87,658)	(27,56,713)
Net cash (used in)/generated from operating activities (A)	(38,00,716)	(1,52,745)
B) CASH FLOW FROM INVESTING ACTIVITIES		
Financial Income	-	42,931
Net Cash used in Investing Activities (B)	-	42,931
C) CASH FLOW FROM FINANCING ACTIVITIES		
Financial Charges	(9,62,095)	(21,637)
Net Cash Used In Financing Activities (C)	(9,62,095)	(21,637)
Net (Decrease) /Increase in Cash and Cash Equivalents	(47,62,811)	(1,31,451)
Opening Balance of Cash and Cash Equivalents	47,62,811	48,94,262
Closing Balance of Cash and Cash Equivalents	-	47,62,811

As per our report of even date attached

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

Jitendra Sawjany
Partner
Membership no. 050980

Place : Mumbai
Date:22nd May 2019

For Vanco Sweden AB

Andrew Goldie
Director

Place:
Date:21st May 2019

Janet Troxell
Director

Place:
Date:21st May 2019

Vanco Sweden AB
Statement of changes in equity for the year ended March 31, 2019

(Amount in ₹)

Particulars	Equity	Other Equity				Equity attributable to shareholders
	Share Capital	Reserves and Surplus		Other Comprehensive Income	Total Other Equity	
		General Reserve	Retained Earnings	Foreign Exchange Translation Reserve*		
Balance as at March 31, 2017	36,30,943	1,81,547	46,88,314	15,83,732	64,53,593	1,00,84,536
Net Profit / (loss) for the year			(8,88,210)		(8,88,210)	(8,88,210)
Foreign Exchange Movement	3,05,338	15,281			15,281	3,20,619
Currency translation				5,10,574	5,10,574	5,10,574
Balance as at March 31, 2018	39,36,281	1,96,828	38,00,104	20,94,306	60,91,238	1,00,27,519
Net Profit / (loss) for the year			(70,99,001)	-	(70,99,001)	(70,99,001)
Foreign Exchange Movement	(2,11,402)	(10,584)			(10,584)	(2,21,986)
Currency translation				17,355	17,355	17,355
Balance as at March 31, 2019	37,24,879	1,86,244	(32,98,897)	21,11,661	(10,00,992)	27,23,887

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

As per our report of even date attached

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

For Vanco Sweden AB

Jiterndra Sawjany
Partner
Membership no. 050980

Andrew Goldie
Director

Janet Troxell
Director

Place : Mumbai
Date:22nd May 2019

Place:
Date:21st May 2019

Place:
Date:21st May 2019

Vanco Sweden AB

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

1.01 GENERAL INFORMATION

Vanco Sweden AB is a virtual Network operator. The Company provides enterprise clients with managed network solutions including the design, integration, implementation, security and management of global corporate networks. The Company provides IT Outsourcers enabling the sub-contract of the above service package as part of a wider IT outsourcing solution.

Vanco Sweden AB is asset-light, instead purchasing infrastructure from the hundreds of carriers globally, the company get the best prices for clients, design a solution using the most appropriate technology to meet customers' global requirements, and is 100% focused on delivering the highest quality customer service..

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 principals (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 realisation 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.

Vanco Sweden AB

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

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 liability to 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 Translation

(i) Functional Currency and Presentation Currency

Initially, these financial statements are presented in Indian Rupee. Functional currency of the Company is SEK.

Vanco Sweden AB

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

(ii) Transactions and Balances

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.

c) Financial Instruments

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

(i) 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').

Vanco Sweden AB

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

(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.

(ii) 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.

Vanco Sweden AB

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

(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 of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the standalone balance sheet if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

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.

Vanco Sweden AB

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

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.

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 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.

Vanco Sweden AB

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

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 recognised 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 reassesses 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.

Vanco Sweden AB

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

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.

A network contract typically covers the design, supply and installation of the network and thereafter the provision of Packaged Network Solutions. Turnover relating to the initial part of the contract is recognized over the contract implementation period. The remainder of the contract value is recognized evenly over the period of the contract.

To the extent that the recognition differs from the contractual billing terms, either turnover is accrued or amounts billed in advance are treated as deferred income..

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) Unbilled Revenue

Where the Services are performed prior to billing, an accrued income is recognized in unbilled revenue.

n) Employee Benefits

Eligible employees of the Company are covered by defined contribution pension plan/provident fund scheme. Contribution to the plan/fund is made to the insurance companies/local 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.

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 the consolidated financial statements and the reported amount of revenues and expenses during the reporting period.

Difference between the actual results and estimates are recognised in the period in which the results are known / materialized.

Vanco Sweden AB

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

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.

Vanco Sweden AB**Notes on accounts to the Balance Sheet and Statement of Profit and Loss for the Year Ended March 31, 2019**

Particulars	(Amount in ₹)	
	As at March 31, 2019	As at March 31, 2018
NOTE 2.01 Cash and Cash Equivalents		
Balance with Banks	-	47,62,811
Total	-	47,62,811
NOTE 2.02 Other Financial Assets		
Group Company Receivables	14,02,53,846	2,26,76,181
Total	14,02,53,846	2,26,76,181
NOTE 2.03 Income Tax Assets (Net)		
Advance Tax and Tax deducted at source	77,39,014	69,51,356
Total	77,39,014	69,51,356
NOTE 2.04 Other Current Assets		
Balances with Government Authorities	2,20,868	30,636
Prepaid Expenses	1,60,17,379	2,21,097
Advances to Vendors	-	1,94,613
Total	1,62,38,247	4,46,346

Vanco Sweden AB
Notes on accounts to the Balance Sheet and Statement of Profit and Loss for the Year Ended March 31, 2019

Particulars	(Amount in ₹)	
	As at March 31, 2019	As at March 31, 2018
NOTE 2.05 Equity Share Capital		
Share Capital		
Authorised		
20,00,000(20,00,000) ordinary share @SEK100 per share	<u>1,49,17,93,283</u>	<u>1,57,44,99,851</u>
	<u>1,49,17,93,283</u>	<u>1,57,44,99,851</u>
Issued, Subscribed and Paid up:		
5,000 ordinary share @SEK100 per share	<u>37,24,879</u>	<u>39,36,281</u>
	<u>37,24,879</u>	<u>39,36,281</u>
a) Shares held by Holding Company		
	<u>No. of Shares</u>	<u>No. of Shares</u>
Ordinary Shares		
Held by Reliance Vanco Group limited	<u>5,000</u>	<u>5,000</u>
	<u>5,000</u>	<u>5,000</u>
b) Details of shares held by shareholders holding more than 5% of shares in the Company		
	As at March 31, 2019	As at March 31, 2018
Ordinary Shares	% of Holding No. of Shares	% of Holding No. of Shares
Held by Reliance Vanco Group limited	100% 5,000	100% 5,000
c) Terms/ rights attached to equity shares		
Ordinary Shares		
The Company has Ordinary Shares (shares) having a par value of SEK 100 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.		
d) Reconciliation of share outstanding at the beginning and at the end of the year		
	As at March 31, 2019	As at March 31, 2018
Ordinary Share	No. of Shares Amount	No. of Shares Amount
Balance as at the beginning of the year	<u>5,000 37,24,879</u>	<u>5,000 39,36,281</u>
Add: Shares issued during the year	<u>- -</u>	<u>- -</u>
Balance as at the end of year	<u>5,000 37,24,879</u>	<u>5,000 39,36,281</u>
NOTE 2.06 Other Equity		
	As at March 31, 2019	As at March 31, 2018
General Reserve	<u>1,86,244</u>	<u>1,96,828</u>
Foreign Exchange Translation Reserve	<u>21,11,661</u>	<u>20,94,306</u>
	<u>22,97,905</u>	<u>22,91,134</u>
<u>Surplus in retained earnings</u>		
Opening balance in Retained Earnings	<u>38,00,104</u>	<u>46,88,314</u>
Add: Profit/(Loss) for the Year	<u>(70,99,001)</u>	<u>(8,88,210)</u>
	<u>(32,98,897)</u>	<u>38,00,104</u>
Total	<u>(10,00,992)</u>	<u>60,91,238</u>

Vanco Sweden AB**Notes on accounts to the Balance Sheet and Statement of Profit and Loss for the Year Ended March 31, 2019**

Particulars	(Amount in ₹)	
	As at March 31, 2019	As at March 31, 2018
NOTE 2.07 Trade Payables - Current		
Trade Payables	1,65,131	6,20,658
Trade Accruals	38,62,602	88,38,616
Total	40,27,733	94,59,274
NOTE 2.08 Other Financial Liabilities		
Employee Payable	-	-
Statutory dues Payable	-	-
Group Company Payables	15,74,79,487	1,53,49,901
Others	-	-
Total	15,74,79,487	1,53,49,901
NOTE 2.09 Other Current liabilities		
Unearned Income	-	-
Total	-	-

Vanco Sweden AB
Notes on accounts to the Balance Sheet and Statement of Profit and Loss for the Year Ended March 31, 2019

Particulars	(Amount in ₹)	
	For the Year Ended March 31, 2019	For the Year Ended March 31, 2018
NOTE 2.10 Revenue from Operations		
Enterprise Value Added Services	16,99,67,370	5,63,98,407
Total	16,99,67,370	5,63,98,407
NOTE 2.11 Other Income		
Reversal of Provision for Doubtful Debts	-	-
Interest Income	-	42,931
Gain on Foreign Exchange Fluctuation	-	-
Reversal of Provision	3,47,462	30,07,307
Total	3,47,462	30,50,238
NOTE 2.12 Network Operating Expenses		
Network Operating Expenses	16,51,40,241	4,89,82,292
Total	16,51,40,241	4,89,82,292
NOTE 2.13 Employee Benefits Expense		
Salaries, Wages and Bonus	-	24,13,201
Contribution to Provident, Gratuity and Superannuation Fund	-	2,15,681
Employee Welfare and Other Amenities	-	2,16,536
Total	-	28,45,418
NOTE 2.14 Finance Cost		
Interest and Financial Charges	9,62,094	21,637
Total	9,62,094	21,637
NOTE 2.15 Other Expenses		
Rent	-	9,82,196
Insurance	-	-
Rates and Taxes	3,70,008	9,664
Legal Fees	78,542	3,13,601
Professional Fees	47,51,200	24,04,478
Travel and Entertainment	-	6,37,209
Communication	-	2,20,898
Bank Charges	71,921	1,45,555
Information Technology Support	-	-
Sales and Marketing Expenses	-	-
Loss on Foreign Exchange Fluctuation	37,32,939	19,90,561
Miscellaneous	1,37,445	1,10,748
	91,42,055	68,14,910
Payment to Auditors	21,69,443	5,66,313
Total	1,13,11,498	73,81,223
NOTE 2.16 Current Tax		
Provision for Income Tax-Current year	-	11,06,285
Total	-	11,06,285

Vanco Sweden AB

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

Note 2.17

Segment Reporting

The Company has determined its business segment as telecommunication network unit taking into account the nature of services provided, class of customers for the services provided, the differing risks and returns and the internal business reporting systems. Since 100% of the business of Company is from telecommunication network unit, there are no other reportable segments.

The segment revenue, segment result, total carrying amount of segment assets, total amount of segment liabilities, total cost incurred during the year to acquire segments assets, segment depreciation and amortization for the year are reflected within the financial statements of the Company as of and for the year ended March 31, 2019.

Substantial network assets are located across geographic territories and therefore not identifiable to any particular geographical segment.

Note 2.18

Earnings per Share

		INR except number of shares	
Particulars		Year ended March 31, 2019	Year ended March 31, 2018
A	Profit/(Loss) attributable to Equity Shareholders	(70,99,001)	(8,88,210)
B	Weighted average number of share of SEK 100 each used as denominator for calculating Basic and Diluted EPS	5,000	5,000
C	Basic and Diluted Earnings per Share (A/B)	(1419.8)	(177.64)

Note 2.19

Notes to Foreign Exchange Translation Reserve

The amounts relating to Balance Sheet items appearing in Indian Rupees have been translated at Closing Rate of 1 USD = INR 69.155 (March 31, 2018 1 GBP=92.2775) and items relating to profit and loss have been translated at average rate of 1 USD = INR 69.916 (March 31, 2018 1 GBP = INR 85.5198).

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

Vanco Sweden AB**Notes on accounts to the Balance Sheet and Statement of Profit and Loss for the Year Ended March 31, 2019****2.20 Related Party Transactions**

In accordance with the 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 arm's length basis:

List of related parties:**(a) Parties where control exist:**

- i) Reliance Communications Limited (ultimate parent company)
- ii) Reliance Vanco Group Limited (parent company)

(b) Enterprises as affiliated companies are:

- i) Reliance Globalcom Limited, Bermuda
- ii) Reliance FLAG Telecom Ireland Limited
- iii) Vanco Australasia Pty Limited
- iv) Vanco Asia Pacific Pte Limited
- v) Vanco Japan KK
- vi) Vanco (Shanghai) Co Ltd
- vii) Vanco UK Limited
- viii) Vanco Global Limited
- ix) Vanco ROW Limited
- x) Vanco International Limited
- xi) VNO Direct Limited
- xii) Vanco Benelux BV
- xiii) Vanco GmbH
- xiv) Vanco Deutschland GMBH
- xv) Vanco SAS
- xvi) Vanco NV
- xvii) Vanco Srl
- xviii) Euronet Spain SA
- xix) Vanco Euronet SP Zoo
- xx) Vanco BV
- xxi) Vanco Switzerland AG
- xxii) Vanco South America Ltda
- xxiii) Net Direct SA (proprietary) Limited
- xxiv) Vanco US LLC
- xxv) Vanco Solutions Inc

(c) Sales of services

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Service Revenue		
Parent company	2,89,87,739	-
Fellow subsidiaries	13,96,00,273	5,01,51,948
Total	16,85,88,012	5,01,51,948

(d) Purchases of services

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Network Operating Expenses		
Parent company	-	3,21,51,548
Fellow subsidiaries	3,06,81,577	46,01,740
Total	3,06,81,577	3,67,53,288

2.20 Related Party Transactions

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

Due from Group Companies

Particulars	As at March 31, 2019	As at March 31, 2018
Parent company	1,62,27,013	-
Fellow subsidiaries	12,40,26,935	2,26,76,181
Total	14,02,53,948	2,26,76,181

Due to Group Companies

Particulars	As at March 31, 2019	As at March 31, 2018
Parent company	-	31,57,382
Fellow subsidiaries	15,74,79,589	1,21,92,519
Total	15,74,79,589	1,53,49,901

Vanco Sweden AB

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

Note 2.21

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

For Shridhar & Associates

Chartered Accountants

Firm Registration No. 134427W

For Vanco Sweden AB

Jitendra Sawjany

Partner

Membership No. 050980

Andrew Goldie

Director

Janet Troxell

Director

Place : Mumbai

Date : 22nd May 2019

Place :

Date : 21st May 2019

Place :

Date : 21st May 2019

Independent Auditors' Report

To the Board of Vanco GmbH

Report on the Ind AS Financial Statements

Opinion

We have audited the accompanying standalone Ind AS financial statements of **Vanco 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 2.07 & 2.08 of the notes to the financial statements where the company has negative net worth amounting to INR 1,17,68,50,813 for the year 2019 and INR 97,32,08,371 for the year 2018 (excluding loss on account of FCTR). The financial statements are prepared under going concern assumption since the ultimate parent company (GCX Limited) will continue to support the company in meeting its liabilities as they fall due within the coming 12 months.

The (GCX Limited) 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 Sawjany
Partner
Membership No.050980

Place: Mumbai
Date: 22nd May 2019

Vanco GmbH
Balance Sheet as on March 31, 2019

			(Amount in ₹)
Particulars	Note No.	As at March 31, 2019	As at March 31, 2018
ASSETS			
Non-Current Assets			
Property, Plant and Equipment	2.01	1,59,784	2,20,266
Total non-Current Assets		1,59,784	2,20,266
Current Assets			
Financial Assets			
Trade receivables	2.02	27,30,93,641	16,03,22,560
Cash and cash equivalents	2.03	18,76,89,868	4,24,73,026
Other financial Assets	2.04	14,30,31,883	2,92,35,542
Current Tax Assets (Net)	2.05	8,50,502	5,63,354
Other current assets	2.06	3,94,39,319	2,65,31,349
Total current Assets		64,41,05,213	25,91,25,831
Total Assets		64,42,64,997	25,93,46,097
EQUITY AND LIABILITIES			
EQUITY			
Equity Share Capital	2.07	6,95,19,070	7,24,52,879
Other Equity	2.08	(1,32,71,24,602)	(1,18,63,54,793)
Total Equity		(1,25,76,05,532)	(1,11,39,01,914)
LIABILITIES			
Current liabilities			
Financial Liabilities			
Trade Payables	2.09	3,73,86,907	7,07,38,640
Other financial liabilities	2.10	1,59,25,94,917	1,01,35,05,099
Other current liabilities	2.11	27,18,88,705	28,90,04,272
Total current liabilities		1,90,18,70,529	1,37,32,48,011
Total Equity and Liabilities		64,42,64,997	25,93,46,097
General Information			
Significant Accounting Policies	1.01		
Notes on Accounts	1.02		
	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 Vanco GmbH

Jitendra Sawjany
Partner
Membership No. 050980

Andrew Goldie
Director

Janet Troxell
Director

Place : Mumbai
Date : 22nd May 2019

Place :
Date : 21st May 2019

Place :
Date : 21st May 2019

Vanco GmbH**Statement of Profit & Loss For the year Ended March 31, 2019**

		(Amount in ₹)	
Particulars	Note No.	For the Year Ended March 31, 2019	For the Year Ended March 31, 2018
Revenue			
Revenue from Operations	2.12	1,74,87,37,744	1,63,40,50,081
Other Income	2.13	7,39,336	3,18,28,333
Total Revenue		1,74,94,77,080	1,66,58,78,414
EXPENSES			
Network Operating Expenses	2.14	1,45,92,45,759	1,24,93,53,541
Employee Benefits Eexpense	2.15	22,67,35,753	22,40,75,646
Depreciation and Amortization Expense	2.01	53,719	1,99,519
Other expenses	2.16	26,04,58,737	14,65,95,730
Total Expenses		1,94,64,93,968	1,62,02,24,436
Profit before exceptional and extraordinary items and tax (III - IV)		(19,70,16,888)	4,56,53,978
Exceptional items		-	-
Profit before extraordinary items and tax (V - VI)		(19,70,16,888)	4,56,53,978
Extraordinary items		-	-
Profit/(Loss) before tax		(19,70,16,888)	4,56,53,978
Tax expense:	2.17		
(1) Current tax		(4,085)	(74,830)
(2) Deferred tax		-	-
Profit (Loss) for the period from continuing operations (VII-VIII)		(19,70,20,973)	4,55,79,148
Profit/(loss) from Discontinuing operations (after tax) (XII-XIII)		-	-
Profit/(Loss) for the year		(19,70,20,973)	4,55,79,148
Other comprehensive income			
Items that may be subsequently reclassified to statement of profit or loss			
Currency Translation		5,99,38,822	(18,73,43,277)
Total comprehensive Income for the year		(13,70,82,151)	(14,17,64,129)
Earnings per equity share:	2.19		
(1) Basic		(1,10,067.58)	25,463.21
(2) Diluted		(1,10,067.58)	25,463.21
General Information	1.01		
Significant Accounting Policies	1.02		
Notes on Accounts	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 Vanco GmbH

Jitendra Sawjany
Partner
Membership No. 050980

Andrew Goldie
Director

Janet Troxell
Director

Place : Mumbai
Date : 22nd May 2019

Place :
Date : 21st May 2019

Place :
Date : 21st May 2019

Vanco GmbH
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		
Net Profit before tax as per Profit and Loss Account	(19,70,16,888)	4,56,53,978
Adjusted for:		
Provisions/ Liabilities to the extent no longer required		
Unrealised Forex (Gains) / Losses		
Foreign Currency Translation and exchange movement (net)	5,33,15,946	(16,38,79,823)
Depreciation/ Impairment and Amortisation	53,719	1,99,519
	5,33,69,665	(16,36,80,304)
Operating Profit before Working Capital Changes	(14,36,47,223)	(11,80,26,326)
Adjusted for:		
(Increase)/ Decrease in trade receivables	(11,27,71,081)	14,55,25,675
(Increase)/ Decrease in other current assets	(1,29,07,970)	2,40,89,760
(Decrease)/ Increase in trade payables	(3,33,51,733)	(6,09,28,714)
(Decrease)/ Increase in other current liabilities	(1,71,15,567)	(3,61,90,151)
	(17,61,46,351)	7,24,96,570
Net cash generated from operating activities before income tax	(31,97,93,574)	(4,55,29,756)
Income tax (Paid)/ Refund	(2,83,063)	(6,38,184)
Net Cash from Operating Activities	(32,00,76,637)	(4,61,67,940)
B CASH FLOW FROM INVESTING ACTIVITIES		
Additions of Fixed Assets and Capital Work in Progress	-	-
Net Cash from/ (Used) in Investing Activities	-	-
C CASH FLOW FROM FINANCING ACTIVITIES		
(Increase)/ Decrease in other financial assets	(11,37,96,341)	10,96,72,328
(Decrease)/ Increase in other financial liabilities	57,90,89,818	(4,77,77,270)
Net Cash from/ (Used) in Financing Activities	46,52,93,477	6,18,95,058
Net Increase/ (Decrease) in Cash and Cash Equivalents	14,52,16,840	1,57,27,118
Opening Balance of Cash and Cash Equivalents	4,24,73,026	2,67,45,908
Closing Balance of Cash and Cash Equivalents	18,76,89,868	4,24,73,026
As per our report of even date attached		

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

For Vanco GmbH

Jitendra Sawjany
Partner
Membership No. 050980

Andrew Goldie
Director

Janet Troxell
Director

Place : Mumbai
Date : 22nd May 2019

Place :
Date :21st May 2019

Place :
Date :21st May 2019

Vanco GmbH
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 & Surplus		Other Comprehensive Income		
		Securities Premium Reserve	Retained Earnings	Foreign Exchange Translation Reserve*		
Balance at March 31, 2017	6,20,35,649	7,79,77,215	(1,18,23,11,739)	4,66,49,734	(1,05,76,84,790)	(99,56,49,141)
Change in equity share capital during the year					-	-
Surplus/ (Deficit) of Statement of Profit and Loss			4,55,79,148		4,55,79,148	4,55,79,148
Currency translation				(18,73,43,277)	(18,73,43,277)	(18,73,43,277)
Foreign Currency Movement	1,04,17,230	1,30,94,126			1,30,94,126	2,35,11,356
Balance at March 31, 2018	7,24,52,879	9,10,71,341	(1,13,67,32,591)	(14,06,93,543)	(1,18,63,54,793)	(1,11,39,01,914)
Change in equity share capital during the year					-	-
Surplus/ (Deficit) of Statement of Profit and Loss			(19,70,20,973)		(19,70,20,973)	(19,70,20,973)
Currency translation				5,99,38,822	5,99,38,822	5,99,38,822
Foreign Currency Movement	(29,33,809)	(36,87,658)			(36,87,658)	(66,21,467)
Balance at March 31, 2019	6,95,19,070	8,73,83,683	(1,33,37,53,564)	(8,07,54,721)	(1,32,71,24,602)	(1,25,76,05,532)

*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 Vanco GmbH

Jitendra Sawjany
Partner
Membership No. 050980

Andrew Goldie
Director

Janet Troxell
Director

Place :Mumbai
Date : 22nd May 2019

Place :
Date :21st May 2019

Place :
Date :21st May 2019

Vanco GmbH

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

1.01 GENERAL INFORMATION

Vanco GmbH is a virtual Network operator. The Company provides enterprise clients with managed network solutions including the design, integration, implementation, security and management of global corporate networks. The Company provides IT Outsourcers enabling the sub-contract of the above service package as part of a wider IT outsourcing solution.

Vanco GmbH is asset-light, instead purchasing infrastructure from the hundreds of carriers globally, the company get the best prices for clients, design a solution using the most appropriate technology to meet customers' global requirements, and is 100% focused on delivering the highest quality customer service.

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 principals (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 realisation 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.

Vanco GmbH

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

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 liability to 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 transaction.

b) Foreign Currency Translation

(i) Functional Currency and Presentation Currency

Initially, these financial statements are presented in Indian Rupee. Functional currency of the Company is Euro.

Vanco GmbH

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

(ii) Transactions and Balances

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.

c) Financial Instruments

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

(i) 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').

Vanco GmbH

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

(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.

(ii) 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.

Vanco GmbH

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

(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) 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.

Vanco GmbH

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

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 3 to 20 years
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.

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.

Vanco GmbH

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

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.

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 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 recognised 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

A network contract typically covers the design, supply and installation of the network and thereafter the provision of Packaged Network Solutions. Turnover relating to the initial part of the contract is recognized over the contract implementation period. The remainder of the contract value is recognized evenly over the period of the contract.

Vanco GmbH

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

To the extent that the recognition differs from the contractual billing terms, either turnover is accrued or amounts billed in advance are treated as deferred income.

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

Eligible employees of the Company are covered by defined contribution pension plan/provident fund scheme. Contribution to the plan/fund is made to the insurance companies/local 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.

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 the consolidated financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognised in the period in which the results are known / materialized.

Vanco GmbH

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

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.

2.01 Property, Plant and Equipment

(Amount in ₹)

Particulars	Leasehold Improvement	Network Assets	Computers	Furniture and Fixtures	Total
Gross carrying value					
As at April 01, 2018	64,05,996	27,591	75,83,457	19,11,898	1,59,28,942
Additions					
Disposals					
Exchange Differences	(2,59,412)	(1,146)	(3,07,060)	(77,423)	(6,45,041)
As at March 31, 2019	61,46,584	26,445	72,76,397	18,34,475	1,52,83,901
Accumulated Depreciation					
As at April 01, 2018	62,76,439	14,026	75,83,457	18,34,754	1,57,08,676
Depreciation for the year	18,780	9,199		25,740	53,719
Exchange Differences	(2,54,934)	(933)	(3,07,060)	(75,351)	(6,38,278)
As at March 31, 2019	60,40,285	22,292	72,76,397	17,85,143	1,51,24,117
Closing net carrying value as at March 31, 2019	1,06,299	4,153	-	49,332	1,59,784
Gross carrying value as at March 31, 2019	61,46,584	26,445	72,76,397	18,34,475	1,52,83,901
Accumulated Depreciation	60,40,285	22,292	72,76,397	17,85,143	1,51,24,117
Closing net carrying value as at March 31, 2019	1,06,299	4,153	-	49,332	1,59,784

(Amount in ₹)

Particulars	Leasehold Improvement	Network Assets	Computers	Furniture and Fixtures	Total
Gross carrying value					
As at April 01, 2017	54,84,931	23,598	64,93,125	16,37,002	1,36,38,656
Additions					
Disposals					
Exchange Differences	9,21,065	3,993	10,90,332	2,74,896	22,90,286
As at March 31, 2018	64,05,996	27,591	75,83,457	19,11,898	1,59,28,942
Accumulated Depreciation					
As at April 01, 2017	52,24,668	21	64,93,125	15,48,959	1,32,66,773
Depreciation for the year	1,62,488	13,085		23,946	1,99,519
Exchange Differences	8,89,283	920	10,90,332	2,61,849	22,42,384
As at March 31, 2018	62,76,439	14,026	75,83,457	18,34,754	1,57,08,676
Closing net carrying value as at March 31, 2018	1,29,557	13,565	-	77,144	2,20,266
Gross carrying value as at March 31, 2018	64,05,996	27,591	75,83,457	19,11,898	1,59,28,942
Accumulated Depreciation	62,76,439	14,026	75,83,457	18,34,754	1,57,08,676
Closing net carrying value as at March 31, 2018	1,29,557	13,565	-	77,144	2,20,266

Vanco GmbH**Notes on accounts to the Balance Sheet and Statement of Profit and Loss as on March 31, 2019**

(Amount in ₹)

Particulars	As at March 31, 2019	As at March 31, 2018
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NOTE # 2.02 Trade Receivables (Unsecured)

Considered Good	27,30,93,641	16,03,22,560
Considered Doubtful	-	-
Total	27,30,93,641	16,03,22,560
Less: Provision for Doubtful Debts	-	-
Total	27,30,93,641	16,03,22,560

NOTE # 2.03 Cash and Cash Equivalents

Cash in hand	1,26,760	98,460
Balances with Bank	18,75,63,108	4,23,74,566
Total	18,76,89,868	4,24,73,026

NOTE # 2.04 Others Current Financial Assets**Unsecured, Considered good**

Due from Related Parties	14,30,31,883	2,92,35,542
Considered doubtful	-	-
	14,30,31,883	2,92,35,542
Less: Provision for doubtful advances		-
Total	14,30,31,883	2,92,35,542

NOTE # 2.05 Current Tax Assets (Net)

Advance Tax and Tax deducted at source	8,50,502	5,63,354
Total	8,50,502	5,63,354

Note # 2.06 Others Current Assets

Deposits	43,25,990	45,08,586
Balances with Government Authorities	13,17,328	-
Prepaid Expenses	3,37,96,001	2,19,86,406
Advances to Vendor	-	36,357
Total	3,94,39,319	2,65,31,349

	As at March 31, 2019	(Amount in ₹) As at March 31, 2018
NOTE # 2.07 Equity Share Capital		
Share Capital		
Authorised		
1790 (1790) Ordinary shares of 550 Euro each	6,95,19,070	7,24,52,879
	<u>6,95,19,070</u>	<u>7,24,52,879</u>
Issued, Subscribed and Paid up:		
1790 (1790) Ordinary shares of 550 Euro each fully paid up	6,95,19,070	7,24,52,879
	<u>6,95,19,070</u>	<u>7,24,52,879</u>

a) Shares held by Holding Company and Subsidiary of Holding Company

	No. of Shares	No. of Shares
Ordinary Shares		
Held by Reliance Vanco Group limited	1,789	1,789
Held by Vanco UK Limited	1	1
	<u>1,790</u>	<u>1,790</u>

b) Details of shares held by shareholders holding more than 5% of the aggregate shares in the Company

	As at March 31, 2019		As at March 31, 2018	
Ordinary Shares	% of Holding	No. of Shares	% of Holding	No. of Shares
Held by Reliance Vanco Group limited	99.94%	1,789	99.94%	1,789
Held by Vanco UK Limited	0.06%	1	0.06%	1

c) Rights, Preferences and Restriction attached to the shares**Ordinary Shares**

The Company has Ordinary Shares (shares) having a par value of Euro 550 each share and each holder of Ordinary 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.

Global cloudXChange limited (a ultimate holding company) had issued 7 % senior secured noted of USD 350 Millions. These Notes are guaranteed by Reliance Vanco Group limited and its material subsidiaries and secured by way of a pledge of Ordinary shares.

d) Reconciliation of share outstanding at the beginning and at the end of March 31, 2019

	As at March 31, 2019		As at March 31, 2018	
Ordinary Share	No. of Shares	Amount	No. of Shares	Amount
Balance as at the beginning of the year	1,789	6,94,76,342	1,789	7,24,08,347
Add: Shares issued during the year	-	-	-	-
Balance at the end of Period	<u>1,789</u>	<u>6,94,76,342</u>	<u>1,789</u>	<u>7,24,08,347</u>

	As at March 31, 2019	As at March 31, 2018
NOTE # 2.08 Other Equity		
Foreign Exchange Translation Reserve	(8,07,54,721)	(14,06,93,543)
Securities Premium Account	8,73,83,683	9,10,71,341
Retained Earnings		
Opening Balances	(1,13,67,32,591)	(1,18,23,11,739)
Add: Surplus/ (Deficit) during the year	(19,70,20,973)	4,55,79,148
Balance Carried forward	<u>-</u>	<u>(1,13,67,32,591)</u>
	<u>(1,32,71,24,602)</u>	<u>(1,18,63,54,793)</u>

Vanco GmbH**Notes on accounts to the Balance Sheet and Statement of Profit and Loss as on March 31, 2019**

Particulars	(Amount in ₹)	
	As at March 31, 2019	As at March 31, 2018

NOTE # 2.09 Trade Payables-Current

Trade Payables	23,46,359	1,19,28,620
Trade Accrual	3,50,40,548	5,88,10,020
Total	3,73,86,907	7,07,38,640

NOTE # 2.10 Other Financial liabilities-Current

Employee Benefits Payable	1,96,58,051	1,90,21,069
Due to Related Parties	1,57,29,36,866	99,44,84,030
Total	1,59,25,94,917	1,01,35,05,099

NOTE # 2.11 Other Current liabilities

Unearned Income	26,92,12,589	28,37,60,418
Statutory Dues Payable	26,76,116	52,43,854
Total	27,18,88,705	28,90,04,272

Vanco GmbH**Notes on accounts to the Balance Sheet and Statement of Profit and Loss as on March 31, 2019**

Particulars	(Amount in ₹)	
	For the Year Ended March 31, 2019	For the Year Ended March 31, 2018
NOTE # 2.12 Revenue from Operations		
Enterprise Value Added Services	1,74,87,37,744	1,63,40,50,081
Total	1,74,87,37,744	1,63,40,50,081
NOTE # 2.13 Other Income		
Interest Income	-	-
Foreign Exchange Fluctuation	-	2,15,65,187
Reversal of Excess Provisions	4,90,096	91,32,061
Miscellaneous Income	2,49,240	11,31,085
Total	7,39,336	3,18,28,333
NOTE # 2.14 Network Operating Expenses		
Network Operating Expenses	1,45,92,45,759	1,24,93,53,541
Total	1,45,92,45,759	1,24,93,53,541
NOTE # 2.15 Employee Benefits Expenses		
Salaries, Wages and Bonus	21,75,87,712	21,38,45,339
Contribution to Provident, Gratuity and Superannuation Fund	36,16,025	49,77,937
Employee Welfare and Other Amenities	55,32,016	52,52,370
Total	22,67,35,753	22,40,75,646
NOTE # 2.16 Other Expenses		
Rent	1,28,25,690	1,42,41,527
Rates and Taxes	12,11,621	22,00,082
Legal Fees	15,84,867	14,66,322
Professional Fees	39,78,739	26,44,529
Travel and Entertainment	1,02,85,190	86,99,843
Communication	36,21,288	39,99,761
Bank Charges	2,35,048	3,98,009
Information Technology Support	9,64,396	11,38,526
Sales and Marketing Expenses	8,670	51,397
Management Cost Group Recharge	14,52,49,681	10,49,95,566
Foreign Exchange Fluctuation	6,93,09,695	-
Repairing & Maintenances Building	-	-
Repairing & Maintenances Others	-	38,484
Facility Usage charges	68,54,013	34,67,314
Miscellaneous	11,68,429	13,69,172
	25,72,97,327	14,47,10,532
Payment to Auditors	31,61,410	18,85,198
Total	26,04,58,737	14,65,95,730
NOTE # 2.17 Current Tax		
Provision for Income Tax-Current year	(4,085)	(74,830)
Total	(4,085)	(74,830)

Vanco GmbH

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

Note 2.18

Segment Reporting

The Company has determined its business segment as telecommunication network unit taking into account the nature of services provided, class of customers for the services provided, the differing risks and returns and the internal business reporting systems. Since 100% of the business of Company is from telecommunication network unit, there are no other reportable segments.

The segment revenue, segment result, total carrying amount of segment assets, total amount of segment liabilities, total cost incurred during the year to acquire segments assets, segment depreciation and amortisation for the year are reflected within the financial statements of the Company as of and for the year ended March 31,2019.

Substantial network assets are located across geographic territories and therefore not identifiable to any particular geographical segment.

Note 2.19

Earnings Per Share

INR except number of shares			
Particulars		Year ended March 31, 2019	Year ended March 31, 2018
A	Profit attributable to Equity Shareholders	(197,020,973)	45,579,148
B	Weighted average number of share of Euro 550 each used as denominator for calculating Basic and Diluted EPS	1790	1790
C	Basic and Diluted Earnings per Share (A/B)	(110,067.58)	25,463.21

Note 2.20

Notes to Foreign Exchange Translation Reserve

The amounts relating to Balance Sheet items appearing in Indian Rupees have been translated at Closing Rate of 1 USD = INR 69.155 (March 31,2018 1 GBP=92.2775) and items relating to profit and loss have been translated at average rate of 1 USD = INR 69.916 (March 31,2018 1 GBP = INR 85.5198 .

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

Vanco GmbH

Notes on Accounts to the Balance Sheet and Statement of Profit and Loss

2.21 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 :

List of related parties:

(a) Parties where control exist:

- i. Reliance Communication Limited
- ii. Reliance Vanco Group Limited

(b) Enterprises as affiliated companies are:

- i) Vanco ROW Limited
- ii) Vanco Global Limited
- iii) Vanco International Limited
- iv) VNO Direct Limited
- v) Vanco SAS
- vi) Euronet Spain SA
- vii) Vanco Srl
- viii) Vanco GmbH
- ix) Vanco Deutschland GmbH
- x) Vanco Switzerland A.G.
- xi) Vanco B.V.
- xii) Vanco Benelux BV
- xiii) Vanco NV
- xiv) Vanco US LLC
- xv) Vanco Solutions Inc.
- xvi) Vanco Australasia Pty. Limited
- xvii) Vanco (Asia Pacific) Pte. Limited
- xviii) Vanco Japan KK
- xviii) Vanco Japan KK
- xix) Vanco (Shanghai) Co. Ltd.
- xx) Vanco Sp Zoo
- xxi) Vanco Sweden AB
- xxii) Vanco South America Ltda

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	48,04,69,083	341,450,801
Total	<u>48,04,69,083</u>	<u>341,450,801</u>

Vanco GmbH

Notes on Accounts to the Balance Sheet and Statement of Profit and Loss

d) Purchases of services

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Network Operating Expenses		
Parent company	22,46,71,534	178,673,012
Fellow subsidiaries	99,49,53,235	794,694,794
Total	<u>121,96,24,769</u>	<u>973,367,806</u>

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

Particulars	As at March 31, 2019	As at March 31, 2018
Due from Related Party		
Parent company	-	235,566,641
Fellow subsidiaries	143,031,904	758,917,389
Total	<u>143,031,904</u>	<u>994,484,030</u>

Particulars	As at March 31, 2019	As at March 31, 2018
Due to Related Party		
Parent company	937,768,701	-
Fellow subsidiaries	635,168,186	29,235,542
Total	<u>1,572,936,887</u>	<u>29,235,542</u>

Vanco GmbH

Notes on Accounts to the Balance Sheet and Statement of Profit and Loss

2.22 Previous year figure have been regrouped or reclassified wherever necessary

For Shridhar & Associates

Chartered Accountants

Firm Registration No. 134427W

For Vanco GmbH

Jitendra Sawjany

Partner

Membership No. 050980

Andrew Goldie

Director

Janet Troxell

Director

Place : Mumbai

Date : 22nd May 2019

Place :

Date : 21st May 2019

Place :

Date : 21st May 2019

Independent Auditors' Report

To the Board of Vanco Deutschland GmbH

Report on the Ind AS Financial Statements

Opinion

We have audited the accompanying standalone Ind AS financial statements of **Vanco 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 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 2.05 and 2.06 of the notes to the financial statements where the company has negative net worth amounting to INR 7,91,752,872 for the year 2019 and INR 7,57,657.597 for the year 2018 (excluding loss on account of FCTR). The financial statements are prepared under going concern assumption since the ultimate parent company (GCX Limited) will continue to support the company in meeting its liabilities as they fall due within the coming 12 months.

The (GCX Limited) 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 Sawjany
Partner
Membership No.050980

Place: Mumbai
Date: 22nd May 2019

Vanco Deutschland GmbH
Balance Sheet as at March 31, 2019

Balance Sheet as at March 31, 2019

Particulars	Note No.	(Amount in ₹)	
		As at March 31, 2019	As at March 31, 2018
ASSETS			
Current Assets			
Financial Assets			
- Trade Receivables	2.01	1,76,98,563	1,56,39,837
- Cash and Cash Equivalents	2.02	95,90,346	1,29,096
- Others	2.03	3,63,77,259	49,02,704
Other Current Assets	2.04	45,60,911	47,53,306
Total Assets		6,82,27,079	2,54,24,943
EQUITY AND LIABILITIES			
Equity			
Equity Share Capital	2.05	19,42,149	20,24,199
Other Equity	2.06	(84,50,19,121)	(84,67,09,365)
Total Equity		(84,30,76,972)	(84,46,85,166)
LIABILITIES			
Current Liabilities			
Financial Liabilities			
- Trade Payables	2.07	6,52,616	5,03,375
- Other Financial Liabilities	2.08	88,60,12,684	85,63,92,873
Other Current Liabilities	2.09	2,46,38,751	1,32,13,861
Total Current liabilities		91,13,04,051	87,01,10,109
Total Equity and Liabilities		6,82,27,079	2,54,24,943

The accompanying notes form an integral part of the financial statements
As per our report of even date attached

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

For Vanco Deutschland GmbH

Jitendra Sawjany
Partner
Membership no. 050980

Andrew Goldie
Director

Janet Troxell
Director

Place:
Date:22nd May,2019

Place:
Date:21st May,2019

Place:
Date:21st May,2019

Vanco Deutschland GmbH
Statement of Profit & Loss Account for the year ended 31 March 2019

Particulars	Note	For the Year Ended March 31, 2019	(Amount in ₹) For the Year Ended March 31, 2018
INCOME			
Revenue from Operations	2.10	9,81,30,182	7,98,25,472
Other Income	2.11	17,829	3,15,29,220
Total Income		9,81,48,011	11,13,54,692
Expenses:			
Network Operating Expenses	2.12	8,89,41,542	7,91,85,099
Other Expenses	2.13	4,32,19,694	54,44,111
Total Expenses		13,21,61,236	8,46,29,210
Profit/(Loss) before tax		(3,40,13,225)	2,67,25,482
Tax expense:			
(1) Current tax		-	
(2) Deferred tax		-	
Profit/(Loss) for the period		(3,40,13,225)	2,67,25,482
Other comprehensive income			
<i>Items that may be subsequently reclassified to statement of profit or loss</i>			
Currency translation		3,57,03,467	(12,38,94,860)
Total other comprehensive income for the year		3,57,03,467	(12,38,94,860)
Total comprehensive income for the year		16,90,242	(9,71,69,378)
Earnings per equity share:			
	2.15		
(1) Basic		(1,360.53)	1,069.02
(2) Diluted		(1,360.53)	1,069.02

The accompanying notes form an integral part of the financial statements

For Shridhar & Associates

For Vanco Deutschland GmbH

Chartered Accountants

Firm Registration No. 134427W

Jitendra Sawjany

Partner

Membership no. 050980

Andrew Goldie

Director

Janet Troxell

Director

Place: Mumbai

Date: 22nd May, 2019

Place:

Date: 21st May, 2019

Place:

Date: 21st May, 2019

Vanco Deutschland GmbH
Statement of Cash flows for the year ended March 31, 2019

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	(3,40,13,225)	2,67,25,482
Adjustments for:		
Foreign Currency Translation and exchange movement (net)	3,56,21,211	(12,36,03,790)
	16,07,986	(9,68,78,308)
Adjustments for:		
(Decrease)/ Increase in Trade Payables	1,49,243	(1,57,579)
(Decrease)/ Increase in Other Financial Liabilities	96,04,90,439	7,93,92,314
(Decrease)/ Increase in Other Current Liabilities	1,14,24,889	1,32,13,861
Decrease/(Increase) in Trade Receivables	(20,58,726)	99,16,150
(Increase)/ Decrease in Other Financial Assets	(96,23,44,976)	(49,02,704)
Decrease/(Increase) in Other Assets	1,92,395	(6,83,390)
Cash Generated from Operations	94,61,250	(99,656)
Taxes paid (net of refunds)		-
Net cash (used in)/generated from operating activities (A)	94,61,250	(99,656)
B) CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment and intangible assets		
Net Cash used in Investing Activities (B)	-	-
C) CASH FLOW FROM FINANCING ACTIVITIES		
Net Cash Used In Financing Activities (C)	-	-
Net (Decrease) /Increase in Cash and Cash Equivalents	94,61,250	(99,656)
Opening Balance of Cash and Cash Equivalents	1,29,096	2,28,752
Closing Balance of Cash and Cash Equivalents	95,90,346	1,29,096

As per our report of even date attached

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

Jitendra Sawjany
Partner
Membership no. 050980

Place : Mumbai
Date:22nd May,2019

For Vanco Deutschland GmbH

Andrew Goldie
Director

Place:
Date:21st May,2019

Janet Troxell
Director

Place:
Date:21st May,2019

Vanco Deutschland Gmbh
Statement of Change in equity for the year ended March 31,2019

(Amount in ₹)

Particulars	Equity	Other Equity			Equity attributable to Shareholders
	Share Capital	Reserves and Surplus	Other Comprehensive Income	Total Other Equity	
		Retained Earnings	Foreign Exchange Translation Reserve*		
Balance as at March 31, 2017	17,33,130	(78,64,07,278)	3,68,67,290	(74,95,39,988)	(74,78,06,858)
Net Profit for the year		2,67,25,482		2,67,25,482	2,67,25,482
Currency translation			(12,38,94,857)	(12,38,94,857)	(12,38,94,857)
Foreign Exchange Movement	2,91,069			-	2,91,069
Balance as at March 31, 2018	20,24,199	(75,96,81,796)	(8,70,27,567)	(84,67,09,363)	(84,46,85,164)
Net Profit for the year		(3,40,13,225)		(3,40,13,225)	(3,40,13,225)
Currency translation			3,57,03,467	3,57,03,467	3,57,03,467
Foreign Exchange Movement	16,51,080			-	16,51,080
Balance as at March 31, 2019	19,42,149	(79,36,95,021)	(5,13,24,100)	(84,50,19,121)	(84,30,76,972)

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

As per our report of even date attached
For Shridhar & Associates

Chartered Accountant

Firm Registration No. 134427W

For Vanco Deutschland Gmbh
Jiterndra Sawjany

Partner

Membership no. 050980

Andrew Goldie

Director

Janet Troxell

Director

Place : Mumbai

Date:22nd May,2019

Place:

Date:21st May,2019

Place:

Date:21st May,2019

Vanco Deutschland GmbH

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

1.01 GENERAL INFORMATION

Vanco Deutschland GmbH is a virtual Network operator. The Company provides enterprise clients with managed network solutions including the design, integration, implementation, security and management of global corporate 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

Vanco Deutschland GmbH

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

commencement date of a lease, a lessee will recognise a liability to 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 Translation

(i) Functional Currency and Presentation Currency

Initially, these financial statements are presented in Indian Rupee. Functional currency of the Company is Euro.

(ii) Transactions and Balances

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.

c) Financial Instruments

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

(i) Financial Assets

Vanco Deutschland GmbH

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

(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.

(ii) Financial Liabilities

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

Vanco Deutschland GmbH

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

(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 amortized cost.

(II) Initial recognition and measurement

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

(III) Subsequent measurement

Financial liabilities are subsequently measured at amortized 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 recognized in the statement of profit and loss.

Vanco Deutschland GmbH

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

(IV) Derecognition of financial liabilities

A financial liability is derecognized 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 recognized in the Statement of profit and loss.

d) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the standalone balance sheet if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

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 recognized initially at fair value. They are subsequently measured at amortized 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.

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.

Vanco Deutschland GmbH

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

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

i) Provisions and Contingent Liabilities

Provisions are recognized when there is a present 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) 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.

Managed Network Solution Services

A network contract typically covers the design, supply and installation of the network and

Vanco Deutschland GmbH

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

thereafter the provision of packaged network solutions. Revenue relating to the initial part of the contract is determined by the value of the component elements represented by the equipment installed and time expended on this element of the Contract. The remainder of the contract value covering provisions of packaged network solutions is recognised evenly over the period of contract.

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.

Unbilled Revenue

Where the Services are performed prior to billing, an accrued income is recognized in unbilled revenue

k) 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 the consolidated financial statements and the reported amount of revenues and expenses during the reporting period.

Difference between the actual results and estimates are recognized in the period in which the results are known / materialized.

l) 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.

Vanco Deutschland GmbH**Notes on accounts to the Balance Sheet and Statement of Profit and Loss for the Year Ended March 31, 2019**

(Amount in ₹)

Particulars	As at March 31, 2019	As at March 31, 2018
NOTE 2.01 Trade Receivables		
Unsecured		
Considered Good	1,76,98,563	1,56,39,837
Considered Doubtful	-	
	<u>1,76,98,563</u>	<u>1,56,39,837</u>
Less: Provision for Doubtful Debts	-	
Total	<u><u>1,76,98,563</u></u>	<u><u>1,56,39,837</u></u>
NOTE 2.02 Cash and Cash Equivalents		
Balance with Banks	95,90,346	1,29,096
Total	<u><u>95,90,346</u></u>	<u><u>1,29,096</u></u>
NOTE 2.03 Other Financial Assets		
Group Company Receivables	3,63,77,259	49,02,704
Total	<u><u>3,63,77,259</u></u>	<u><u>49,02,704</u></u>
NOTE 2.04 Income Tax Assets (Net)		
Advance Tax and Tax deducted at source	45,60,911	47,53,306
Total	<u><u>45,60,911</u></u>	<u><u>47,53,306</u></u>

Vanco Deutschland GmbH
Notes on accounts to the Balance Sheet and Statement of Profit and Loss for the Year Ended March 31, 2019

	As at March 31, 2019	(Amount in ₹) As at March 31, 2018
NOTE 2.05 Equity Share Capital		
Share Capital		
Authorised		
25000 (25000) Ordinary Shares @ 1 EURO per share	<u>19,42,149</u>	<u>20,02,125</u>
	<u>19,42,149</u>	<u>20,02,125</u>
Issued, Subscribed and Paid up:		
25000 (25000) Ordinary Shares @ 1 EURO per share	<u>19,42,149</u>	<u>20,24,199</u>
	<u>19,42,149</u>	<u>20,24,199</u>

a) Shares held by Holding Company

	<u>No. of Shares</u>	<u>No. of Shares</u>
Ordinary Shares		
Held by Reliance Vanco Group limited	<u>25,000</u>	<u>25,000</u>
	<u>25,000</u>	<u>25,000</u>

b) Details of shares held by shareholders holding more than 5% of shares in the Company

	As at March 31, 2019		As at March 31, 2018	
Ordinary Shares	% of Holding	No. of Shares	% of Holding	No. of Shares
Held by Reliance Vanco Group limited	100%	25,000	100%	25,000

c) Terms/ rights attached to equity shares
Ordinary Shares

The Company has Ordinary Shares (shares) having a par value of EUR 1 each per share and each holder of Ordinary 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.

d) Reconciliation of share outstanding at the beginning and at the end of the year

	As at March 31, 2019		As at March 31, 2018	
Ordinary Share	No. of Shares	Amount	No. of Shares	Amount
Balance as at the beginning of the year	25,000	19,42,149	25,000	20,02,125
Add: Shares issued during the year	-	-	-	-
Balance as at the end of year	<u>25,000</u>	<u>19,42,149</u>	<u>25,000</u>	<u>20,02,125</u>

NOTE 2.06 Other Equity
Surplus in retained earnings

	As at March 31, 2019	As at March 31, 2018
Opening balance	(75,96,81,796)	(78,64,07,278)
Add: Profit/(Loss) for the Year	<u>(3,40,13,225)</u>	<u>2,67,25,482</u>
	<u>(79,36,95,021)</u>	<u>(75,96,81,796)</u>
Foreign Currency Translation Reserve	<u>(5,13,24,100)</u>	<u>(8,70,27,567)</u>
Closing Balance	<u>(84,50,19,121)</u>	<u>(84,67,09,363)</u>

Vanco Deutschland Gmbh**Notes on accounts to the Balance Sheet and Statement of Profit and Loss for the Year Ended March 31, 2019**

Particulars	(Amount in ₹)	
	As at March 31, 2019	As at March 31, 2018
NOTE 2.07 Trade Payables - Current		
Trade Accruals	6,52,616	5,03,374
Total	6,52,616	5,03,374
NOTE 2.08 Other Financial Liabilities		
Group Company Payables	88,60,12,684	85,63,92,873
Total	88,60,12,684	85,63,92,873
NOTE 2.09 Other Current liabilities		
Unearned Income	2,46,38,751	1,32,13,861
Statutory Dues Payable	-	
Total	2,46,38,751	1,32,13,861

Vanco Deutschland GmbH**Notes on accounts to the Balance Sheet and Statement of Profit and Loss for the Year Ended March 31, 2019**

Particulars	(Amount in ₹)	
	For the Year Ended March 31, 2019	For the Year Ended March 31, 2018
NOTE 2.10 Revenue from Operations		
Enterprise Value Added Services	7,39,12,818	6,65,38,160
Group Company Revenue	2,42,17,364	1,32,87,312
Total	9,81,30,182	7,98,25,472
NOTE 2.11 Other Income		
Reversal of Provision for Doubtful Debts	-	95,48,468
Gain on Foreign Exchange Fluctuation	-	2,13,63,042
Reversal of Excess Provisions	-	23,860
Miscellaneous Income	17,829	5,93,850
Total	17,829	3,15,29,220
NOTE 2.12 Network Operating Expenses		
Network Operating Expenses	8,89,41,542	7,91,85,099
Total	8,89,41,542	7,91,85,099
NOTE 2.13 Other Expenses		
Professional Fees	3,69,086	34,978
Bank Charges	8,250	4,362
Management Cost Group Recharge	2,35,42,745	54,04,772
Foreign Exchange Fluctuation Realised Gain/Loss Net	1,92,199	-
Foreign Exchange Fluctuation Gain/Loss Net-Interco	1,91,07,414	-
	4,32,19,694	54,44,111

Vanco Deutschland GmbH

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

Note 2.14 Segment Reporting

The Company has determined its business segment as telecommunication network unit taking into account the nature of services provided, class of customers for the services provided, the differing risks and returns and the internal business reporting systems. Since 100% of the business of Company is from telecommunication network unit, there are no other reportable segments.

The segment revenue, segment result, total carrying amount of segment assets, total amount of segment liabilities, total cost incurred during the year to acquire segments assets, segment depreciation and amortization for the year are reflected within the financial statements of the Company as of and for the year ended March 31, 2019.

Substantial network assets are located across geographic territories and therefore not identifiable to any particular geographical segment.

Note 2.15 Earnings per Share

		INR except number of shares	
Particulars		Year ended March 31, 2019	Year ended March 31, 2018
A	Profit/(Loss) attributable to Equity Shareholders	(3,40,13,225)	2,67,25,480
B	Weighted average number of share of Euro 1 each used as denominator for calculating Basic and Diluted EPS	25,000	25,000
C	Basic and Diluted Earnings per Share (A/B)	1360.53	1,069.02

Note 2.16

Notes to Foreign Exchange Translation Reserve

The amounts relating to Balance Sheet items appearing in Indian Rupees have been translated at Closing Rate of 1 USD = INR 69.155 (March 31, 2018 1 GBP = INR 92.2775) and items relating to profit and loss have been translated at average rate of 1 USD = INR 69.916 and (March 31, 2018 1 GBP = INR 85.5198). The amounts have been converted in INR to comply with the financial reporting requirement in India.

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

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Note 2.17 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:

a) Parties where control exist:

- i) Reliance Communications Limited
- ii) Reliance Vanco Group Limited
- iii) Flag Telecom Group Services Limited

b) Enterprises as affiliated companies are:

- i) Vanco ROW Limited
- ii) Vanco UK Limited
- iii) Vanco International Limited
- iv) Vanco SAS
- v) Euronet Spain SA
- vi) Vanco Srl
- vii) Vanco GmbH
- viii) Vanco BV
- ix) Vanco US LLC
- x) Vanco Australasia Pty. Limited
- xi) Vanco Sweden AB
- xii) Vanco (Asia Pacific) Pte. Limited

(c) Sales of services

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Service Revenue		
Parent company	2,42,17,364	
Fellow subsidiaries	-	1,32,87,312
Total	2,42,17,364	1,32,87,312

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

(d) Purchases of services

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Network Operating Expenses		
Parent company	2,34,24,936	15,18,919
Fellow subsidiaries	6,55,16,606	7,76,66,180
Total	8,89,41,542	7,91,85,099

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

Vanco Deutschland GmbH**Notes on accounts to the Balance Sheet and Statement of Profit and Loss for the Year Ended March 31, 2019****Note 2.17** Related Party Transactions**(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		
Fellow subsidiaries	3,63,77,259	49,02,704
Total	3,63,77,259	49,02,704

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.

(f) Particulars	As at March 31, 2019	As at March 31, 2018
Due to related parties		
Parent Company	83,71,20,583	83,68,34,018
Fellow subsidiaries	4,88,92,101	1,95,58,856
Total	886,012,684	85,63,92,874

Note 2.18

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

For Shridhar & Associates

Chartered Accountants

Firm Registration No. 134427W

For Vanco Deutschland GmbH**Jitendra Sawjany**

Partner

Membership No. 050980

Andrew Goldie

Director

Janet Troxell

Director

Place : Mumbai

Date : 22nd May, 2019

Place :

Date : 21st May, 2019

Place :

Date : 21st May, 2019

Independent Auditors' Report

To the Board of Vanco Srl

Report on the Ind AS Financial Statements

Opinion

We have audited the accompanying standalone Ind AS financial statements of **Vanco Srl** ("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 and 2.10 of the notes to the financial statements where the company has negative net worth amounting to INR 38,05,89,715 for the year 2019 and INR 29,61,51,318 for the year 2018 (excluding loss on account of FCTR). The financial statements are prepared under going concern assumption since the ultimate parent company (GCX Limited) will continue to support the company in meeting its liabilities as they fall due within the coming 12 months.

The (GCX Limited) 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 Sawjany
Partner
Membership No.050980

Place: Mumbai
Date: 22nd May 2019

Vanco Srl
Balance Sheet as at March 31, 2019

		(Amount in ₹)	
Particulars	Note No.	As at March 31, 2019	As at March 31, 2018
ASSETS			
Non-Current Assets			
Property, Plant and Equipment	2.01	-	54,075
Other non-current assets	2.02	92,35,062	-
Current Assets			
Financial Assets			
- Trade Receivables	2.03	30,96,39,977	27,57,58,850
- Cash and Cash Equivalents	2.04	8,12,11,127	9,54,22,963
- Others	2.05	15,78,67,096	81,25,772
Income Tax Assets (Net)	2.06	1,06,23,227	1,10,71,546
Other Current Assets	2.07	66,25,404	76,97,143
Total Assets		57,52,01,893	39,81,30,349
EQUITY AND LIABILITIES			
Equity			
Equity Share Capital	2.08	76,91,108	80,15,685
Other Equity	2.09	(43,62,37,121)	(37,26,69,421)
Total Equity		(42,85,46,013)	(36,46,53,736)
LIABILITIES			
Non-current liabilities			
Provisions	2.10	-	1,40,72,411
Current Liabilities			
Financial Liabilities			
- Trade Payables	2.11	5,10,07,349	5,18,42,791
- Other Financial Liabilities	2.12	65,67,55,252	48,60,25,131
Other Current Liabilities	2.13	29,59,85,305	21,08,43,752
Total Liabilities		1,00,37,47,906	76,27,84,085
Total Equity and Liabilities		57,52,01,893	39,81,30,349
General Information			
Significant Accounting Policies	1.01		
Notes to financial statements	1.02		
	2		

The accompanying notes form an integral part of the financial statements
As per our report of even date attached

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

For Vanco Srl

Jitendra Sawjany
Partner
Membership no. 050980

Andrew Goldie
Director

Janet Troxell
Director

Place: Mumbai
Date: 22nd May, 2019

Place:
Date: 21st May, 2019

Place:
Date: 21st May, 2019

Vanco Srl
Statement of Profit & Loss Account for the year ended 31 March 2019

Particulars	Note No.	(Amount in ₹)	
		For the Year Ended March 31, 2019	For the Year Ended March 31, 2018
INCOME			
Revenue from Operations	2.14	1,20,66,96,180	97,70,66,396
Other Income	2.15	1,07,48,497	2,31,01,746
Total Income		1,21,74,44,677	1,00,01,68,142
Expenses:			
Network Operating Expenses	2.16	98,70,18,520	77,23,49,117
Employee Benefits Eexpense	2.17	15,01,34,589	14,51,39,757
Finance costs	2.18	-	599
Depreciation and Amortization Expense	2.19	54,092	1,16,81,334
Other Expenses	2.20	16,23,16,920	10,60,19,193
Total Expenses		1,29,95,24,121	1,03,51,90,000
Profit/(Loss) before tax		(8,20,79,444)	(3,50,21,858)
Tax expense:			
(1) Current tax	2.21	-	-
(2) Deferred tax		-	-
Profit/(Loss) for the period		(8,20,79,444)	(3,50,21,858)
Other comprehensive income			
Items that may be subsequently reclassified to statement of profit or loss			
Currency translation		2,05,46,120	(5,87,54,110)
Total other comprehensive income for the year		2,05,46,120	(5,87,54,110)
Total comprehensive income for the year		(6,15,33,324)	(9,37,75,968)
Earnings per equity share:			
(1) Basic	2.23	(829.09)	(353.76)
(2) Diluted		(829.09)	(353.76)
General Information	1.01		
Significant Accounting Policies	1.02		
Notes to 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 Sawjany
Partner
Membership no. 050980

Place: Mumbai
Date: 22nd May,2019

For Vanco Srl

Andrew Goldie
Director

Janet Troxell
Director

Place:
Date: 21st May,2019

Place:
Date: 21st May,2019

Vanco Srl
Statement of Cash flows for the year ended March 31, 2019

Particulars	(Amount in ₹)	
	For the year ended March 31, 2019	For the year ended March 31, 2018
A) CASH FLOW FROM OPERATING ACTIVITIES		
Profit before Tax	(8,20,79,444)	(3,50,21,858)
Adjustments for:		
Provision for Doubtful Debts	-	1,13,41,393
Foreign Currency Translation and exchange movement (net)	1,81,87,150	(4,94,22,736)
Depreciation and amortisation	54,092	1,16,81,334
	(6,38,38,202)	(6,14,21,867)
Adjustments for:		
Increase/(Decrease) in Other Non- Current Financial Liabilities	-	(10,54,44,840)
Increase/(Decrease) in Provisions	(1,40,72,411)	1,40,72,411
(Decrease)/ Increase in Trade Payables	(8,35,442)	(48,00,44,697)
(Decrease)/ Increase in Other Financial Liabilities	17,07,30,121	17,55,71,819
(Decrease)/ Increase in Other Current Liabilities	8,51,41,553	1,14,61,230
(Increase)/Decrease in Other non-Current Assets	(92,35,062)	9,73,83,212
Decrease/(Increase) in Trade Receivables	(3,38,81,127)	(1,13,51,412)
(Increase)/ Decrease in Other Financial Assets	(14,97,41,324)	37,69,16,201
Decrease/(Increase) in Other Current Assets	10,71,739	4,26,05,250
Cash Generated from Operations	(1,46,60,155)	5,97,47,307
Income Tax (paid) / refund	4,48,319	(16,25,057)
Net cash (used in)/generated from operating activities (A)	(1,42,11,836)	5,81,22,250
B) CASH FLOW FROM INVESTING ACTIVITIES		
Net Cash used in Investing Activities (B)	-	-
C) CASH FLOW FROM FINANCING ACTIVITIES		
Net Cash Used In Financing Activities (C)	-	-
Net (Decrease) /Increase in Cash and Cash Equivalents	(1,42,11,836)	5,81,22,250
Opening Balance of Cash and Cash Equivalents	9,54,22,963	3,73,00,713
Closing Balance of Cash and Cash Equivalents	8,12,11,127	9,54,22,963

As per our report of even date attached

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

Jitendra Sawjany
Partner
Membership no. 050980

Place : Mumbai
Date: 22nd May,2019

For Vanco Srl

Andrew Goldie **Janet Troxell**
Director Director

Place: Place:
Date: 21st May,2019 Date: 21st May,2019

Vanco Srl
Statement of changes in equity for the year ended March 31, 2019

(Amount in ₹)

Particulars	Equity	Other Equity				Equity attributable to shareholders
	Share Capital	Reserves and Surplus		Other Comprehensive	Total Other Equity	
		Retained Earnings	General Reserve	Foreign Exchange Translation Reserve*		
Balance as at March 31, 2017	68,63,194	(31,93,86,645)	4,30,17,840	(97,48,308)	(28,61,17,113)	(27,92,53,919)
Net Profit / (Loss) for the year		(3,50,21,858)		-	(3,50,21,858)	(3,50,21,858)
Foreign Exchange Movement	11,52,491		72,23,660		72,23,660	83,76,151
Currency translation		-		(5,87,54,110)	(5,87,54,110)	(5,87,54,110)
Balance as at March 31, 2018	80,15,685	(35,44,08,503)	5,02,41,500	(6,85,02,418)	(37,26,69,421)	(36,46,53,736)
Net Profit / (Loss) for the year		(8,20,79,444)		-	(8,20,79,444)	(8,20,79,444)
Foreign Exchange Movement	(3,24,577)		(20,34,376)		(20,34,376)	(23,58,953)
Currency translation		-		2,05,46,120	2,05,46,120	2,05,46,120
Balance as at March 31, 2019	76,91,108	(43,64,87,947)	4,82,07,124	(4,79,56,298)	(43,62,37,121)	(42,85,46,013)

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

As per our report of even date attached

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

For Vanco Srl

Jiterndra Sawjany
Partner
Membership no. 050980

Andrew Goldie **Janet Troxell**
Director Director

Place : Mumbai
Date: 22nd May,2019

Place: Place:
Date: 21st May,2019 Date: 21st May,2019

Vanco Srl

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

1.01 GENERAL INFORMATION

Vanco Srl is a virtual Network operator. The Company provides enterprise clients with managed network solutions including the design, integration, implementation, security and management of global corporate networks. The Company provides IT Outsourcers enabling the sub-contract of the above service package as part of a wider IT outsourcing solution.

Vanco Srl is asset-light, instead purchasing infrastructure from the hundreds of carriers globally, the company get the best prices for clients, design a solution using the most appropriate technology to meet customers' global requirements, and is 100% focused on delivering the highest quality customer service..

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 principals (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 realisation 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 liability to 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 Translation

(i) Functional Currency and Presentation Currency

Initially, these financial statements are presented in Indian Rupee. Functional currency of the Company is Euro.

(ii) Transactions and Balances

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.

c) Financial Instruments

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

(i) 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.

(ii) 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 of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the standalone balance sheet if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

e) 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.

Vanco Srl

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

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 3 to 20 years
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.

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.

Computer software

Acquired computer software licenses 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 (three to five years).

Costs that are directly associated with the production of identifiable and unique software products controlled by the Group and that will probably generate economic benefits exceeding costs beyond one year, are recognized as intangible assets. Direct costs include the costs of software development employees and an appropriate portion of relevant overheads.

Computer software development costs recognized as assets are amortized over their estimated useful lives (not exceeding five 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".

Vanco Srl

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

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.

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 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 recognised 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.

A network contract typically covers the design, supply and installation of the network and thereafter the provision of Packaged Network Solutions. Turnover relating to the initial part of the contract is recognized over the contract implementation period. The remainder of the contract value is recognized evenly over the period of the contract.

To the extent that the recognition differs from the contractual billing terms, either turnover is accrued or amounts billed in advance are treated as deferred income.

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) Unbilled Revenue

Where the Services are performed prior to billing, an accrued income is recognized in unbilled revenue.

o) Employee Benefits

Eligible employees of the Company are covered by defined contribution pension plan/provident fund scheme. Contribution to the plan/fund is made to the insurance companies/local 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.

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 the consolidated financial statements and the reported amount of revenues and expenses during the reporting period.

Difference between the actual results and estimates are recognised in the period 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.

NOTE 2.01 Property, Plant and Equipment

(Amount in ₹)

Particulars	Computer Equipments	Furniture & Fixtures	Networking Equipments	Total
Gross carrying value				
As at April 1, 2018	10,05,456	11,07,976	14,22,03,595	14,43,17,027
Additions	-	-	-	-
Exchange differences	(40,733)	(44,856)	(3,58,60,510)	(3,59,46,099)
As at March 31, 2019	9,64,723	10,63,120	10,63,43,085	10,83,70,928
Accumulated depreciation				
As at April 1, 2018	9,51,381	11,07,976	14,22,03,595	14,42,62,952
Depreciation for the year	54,092	-	-	54,092
Exchange differences	(40,750)	(44,856)	(3,58,60,510)	(3,59,46,116)
As at March 31, 2019	9,64,723	10,63,120	10,63,43,085	10,83,70,928
Closing net carrying value as at March 31, 2019	-	-	-	-
Gross carrying value as at March 31, 2019	9,64,723	10,63,120	10,63,43,085	10,83,70,928
Accumulated depreciation	9,64,723	10,63,120	10,63,43,085	10,83,70,928
Closing net carrying value as at March 31, 2019	-	-	-	-

(Amount in ₹)

Particulars	Computer Equipments	Furniture & Fixtures	Networking Equipments	Total
Gross carrying value				
As at April 1, 2017	8,60,875	9,48,680	9,48,95,720	9,67,05,275
Additions	-	-	-	-
Exchange differences	1,44,581	1,59,296	4,73,07,875	4,76,11,752
As at March 31, 2018	10,05,456	11,07,976	14,22,03,595	14,43,17,027
Accumulated depreciation				
As at April 1, 2017	8,05,269	9,48,680	9,48,95,720	9,66,49,669
Depreciation for the year	10,177	-	-	10,177
Exchange differences	1,35,935	1,59,296	4,73,07,875	4,76,03,106
As at March 31, 2018	9,51,381	11,07,976	14,22,03,595	14,42,62,952
Closing net carrying value as at March 31, 2018	54,075	-	-	54,075
Gross carrying value as at March 31, 2018	10,05,456	11,07,976	14,22,03,595	14,43,17,027
Accumulated depreciation	9,51,381	11,07,976	14,22,03,595	14,42,62,952
Closing net carrying value as at March 31, 2018	54,075	-	-	54,075

Vanco Srl**Notes on accounts to the Balance Sheet and Statement of Profit and Loss for the Year Ended March 31, 2019**

Particulars	(Amount in ₹)	
	As at March 31, 2019	As at March 31, 2018
NOTE 2.02 Other Non-Current Assets		
Deposits - Non Current	18,54,705	-
Prepaid Expenses - Non Current	46,61,278	-
-Restricted Cash at Bank	27,19,079	-
Total	92,35,062	-
NOTE 2.03 Trade Receivables		
Unsecured		
Considered Good	30,96,39,977	27,57,58,850
Considered Doubtful	21,18,656	3,01,12,087
	31,17,58,633	30,58,70,937
Less: Provision for Doubtful Debts	21,18,656	99,13,280
Less: Provision for Credit Note	-	2,01,98,807
Total	30,96,39,977	27,57,58,850
NOTE 2.04 Cash and Cash Equivalents		
Cash on hand	4,100	8,674
Balance with Banks	7,88,61,230	9,29,69,489
Bank Deposits	23,45,797	24,44,800
Total	8,12,11,127	9,54,22,963
NOTE 2.05 Other Financial Assets		
Group Company Receivables	15,73,07,743	33,58,993
Deposits-Office Building	5,59,353	47,66,779
Total	15,78,67,096	81,25,772
NOTE 2.06 Income Tax Assets (Net)		
Advance Tax and Tax deducted at source	1,06,23,227	1,10,71,546
Total	1,06,23,227	1,10,71,546
NOTE 2.07 Other Current Assets		
Balances with Government Authorities	-	369
Prepaid Expenses	47,68,786	24,90,662
Advances to Vendor	2,72,483	14,21,074
Unbilled Debtors	15,84,135	37,85,038
Others		
Total	66,25,404	76,97,143

Vanco Srl
Notes on accounts to the Balance Sheet and Statement of Profit and Loss for the Year Ended March 31, 2019

	As at March 31, 2019	(Amount in ₹) As at March 31, 2018
NOTE 2.08 Equity Share Capital		
Share Capital		
Authorised		
99,000 (99,000) Ordinary shares of Euro 1 each	<u>76,91,108</u>	<u>80,15,685</u>
	<u>76,91,108</u>	<u>80,15,685</u>
Issued, Subscribed and Paid up:		
99,000 (99,000) Ordinary shares of Euro 1 each	<u>76,91,108</u>	<u>80,15,685</u>
	<u>76,91,108</u>	<u>80,15,685</u>

a) Shares held by Holding Company
Ordinary Shares

Held by Reliance Vanco Group limited

No. of Shares	No. of Shares
<u>99,000</u>	<u>99,000</u>
<u>99,000</u>	<u>99,000</u>

b) Details of shares held by shareholders holding more than 5% of shares in the Company
Ordinary Shares

Held by Reliance Vanco Group limited

As at March 31, 2019		As at March 31, 2018	
% of Holding	No. of Shares	% of Holding	No. of Shares
100%	99,000	100%	99,000

c) Terms/ rights attached to equity shares
Ordinary Shares

The Company has Ordinary Shares (shares) having a par value of Euro 1 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.

d) Reconciliation of share outstanding at the beginning and at the end of the year
Ordinary Share

Balance as at the beginning of the year
Add: Shares issued during the year
Balance as at the end of year

As at March 31, 2019		As at March 31, 2018	
No. of Shares	Amount	No. of Shares	Amount
99,000	76,91,108	99,000	80,15,685
-	-	-	-
99,000	76,91,108	99,000	80,15,685

NOTE 2.09 Other Equity
Surplus in retained earnings

Opening balance of retained earnings

Add: Profit/(Loss) for the Year

Closing Balance of retained earnings

General Reserve

Foreign Currency Translation Reserve

Total

As at March 31, 2019	As at March 31, 2018
(35,44,08,503)	(31,93,86,645)
<u>(8,20,79,444)</u>	<u>(3,50,21,858)</u>
<u>(43,64,87,947)</u>	<u>(35,44,08,503)</u>
4,82,07,124	5,02,41,500
<u>(4,79,56,298)</u>	<u>(6,85,02,418)</u>
<u>(43,62,37,121)</u>	<u>(37,26,69,421)</u>

Vanco Srl**Notes on accounts to the Balance Sheet and Statement of Profit and Loss for the Year Ended March 31, 2019**

Particulars	(Amount in ₹)	
	As at March 31, 2019	As at March 31, 2018
NOTE 2.10 Provisions		
Provision for Leave Encashment	-	1,40,72,411
Total	-	1,40,72,411
NOTE 2.11 Trade Payables		
Trade Payables	15,45,265	55,00,754
Trade Accruals	4,94,62,084	4,63,42,037
Total	5,10,07,349	5,18,42,791
NOTE 2.12 Other Financial Liabilities		
Group Company Payables	65,67,55,252	48,60,25,131
Total	65,67,55,252	48,60,25,131
NOTE 2.13 Other Current liabilities		
Unearned Income	24,26,20,656	17,76,74,051
Employee Benefits Payable	2,73,25,901	95,67,146
Statutory dues Payable	2,60,38,748	2,36,02,555
Total	29,59,85,305	21,08,43,752

Particulars	(Amount in ₹)	
	For the Year Ended March 31, 2019	For the Year Ended March 31, 2018
NOTE 2.14 Revenue from Operations		
Enterprise Value Added Services	1,20,66,96,180	84,07,04,659
Indefeasible Right of Use	-	13,31,65,944
Lease Capacity Services	-	31,27,890
Operation and Maintenance Charges	-	67,903
Total	1,20,66,96,180	97,70,66,396
NOTE 2.15 Other Income		
Interest Income	6,883	7,013
Gain on Foreign Exchange Fluctuation	-	1,27,91,295
Reversal of Excess Provisions	80,57,549	95,49,152
Miscellaneous Income	26,84,065	7,54,286
Total	1,07,48,497	2,31,01,746
NOTE 2.16 Network Operating Expenses		
Network Operating Expenses	98,70,18,520	77,23,49,117
Total	98,70,18,520	77,23,49,117
NOTE 2.17 Employee Benefits Expense		
Salaries, Wages and Bonus	14,19,33,880	13,68,74,430
Contribution to Provident, Gratuity and Superannuation Fund	76,10,230	75,89,720
Employee Welfare and Other Amenities	5,90,479	6,75,607
Total	15,01,34,589	14,51,39,757
NOTE 2.18 Finance Cost		
Interest and Financial Charges	-	599
Total	-	599
NOTE 2.19 Depreciation & Amortization		
Depreciation & Amortization	54,092	1,16,81,334
Total	54,092	1,16,81,334
NOTE 2.20 Other Expenses		
Rent	37,82,708	68,62,031
Rates and Taxes	9,43,988	7,22,301
Legal Fees	59,90,256	9,40,035
Professional Fees	64,36,335	40,44,578
Travel and Entertainment	38,54,633	30,03,460
Communication	20,68,684	18,38,165
Bank Charges	4,51,589	4,92,167
Information Technology Support	2,11,464	2,00,972
Provision for Doubtful Debts	-	1,13,41,393
Sales and Marketing Expenses	1,27,029	96,723
Management Cost Group Recharge	12,10,09,600	7,31,55,946
Repairing & Maintances Others	-	342
Facility Usage charges	22,56,679	8,10,215
Gain on Foreign Exchange Fluctuation	1,39,75,120	-
Miscellaneous	3,65,732	9,36,016
	16,14,73,817	10,44,44,344
Payment to Auditors	8,43,103	15,74,849
Total	16,23,16,920	10,60,19,193
NOTE 2.21 Provision for Income Tax		
Provision for Income Tax-Current year	-	-
Total	-	-

Vanco Srl

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

Note 2.22

Segment Reporting

The Company has determined its business segment as telecommunication network unit taking into account the nature of services provided, class of customers for the services provided, the differing risks and returns and the internal business reporting systems. Since 100% of the business of Company is from telecommunication network unit, there are no other reportable segments.

The segment revenue, segment result, total carrying amount of segment assets, total amount of segment liabilities, total cost incurred during the year to acquire segments assets, segment depreciation and amortization for the year are reflected within the financial statements of the Company as of and for the year ended March 31, 2019.

Substantial network assets are located across geographic territories and therefore not identifiable to any particular geographical segment.

Note 2.23

Earnings per Share

		INR except number of shares	
Particulars		Year ended March 31, 2019	Year ended March 31, 2018
A	Profit/(Loss) attributable to Equity Shareholders	(82,079,444)	(3,50,21,858)
B	Weighted average number of share of Euro 1 each used as denominator for calculating Basic and Diluted EPS	99,000	99,000
C	Basic and Diluted Earnings per Share (A/B)	(829.09)	(353.76)

Note 2.24

Notes to Foreign Exchange Translation Reserve

The amounts relating to Balance Sheet items appearing in Indian Rupees have been translated at Closing Rate of 1 USD = INR 69.1550 (March 31, 2018 1 GBP = INR 92.2775) and items relating to profit and loss have been translated at average rate of 1 USD = INR 69.9160 (March 31, 2018 1 GBP = INR 85.5199).

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

2.25 Related Party Transactions

In accordance with the 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 arm's length basis:

List of related parties:

(a) Parties where control exist:

- i) Reliance Communications Limited (ultimate parent company)
- ii) Reliance Vanco Group Limited (parent company)

(b) Enterprises as affiliated companies are:

- i) Reliance Globalcom Limited, Bermuda
- ii) Reliance FLAG Telecom Ireland Limited
- iii) Vanco Australasia Pty Limited
- iv) Vanco Asia Pacific Pte Limited
- v) Vanco Japan KK
- vi) Vanco (Shanghai) Co Ltd
- vii) Reliance Vanco Group Limited
- viii) Vanco UK Limited
- ix) Vanco Global Limited
- x) Vanco ROW Limited
- xi) Vanco International Limited
- xii) VNO Direct Limited
- xiii) Vanco Benelux BV
- xiv) Vanco GmbH
- xv) Vanco Deutschland GMBH
- xvi) Vanco SAS
- xvii) Vanco NV
- xviii) Vanco BV
- xix) Euronet Spain SA
- xx) Vanco Euronet SP Zoo
- xxi) Vanco Sweden AB
- xxii) Vanco Switzerland AG
- xxiii) Vanco South America Ltda
- xxiv) Net Direct SA (proprietary) Limited
- xxv) Vanco US LLC
- xxvi) Vanco Solutions Inc
- xxviii) 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	24,44,67,631	7,33,34,169
Total	24,44,67,631	7,33,34,169

(d) Purchases of services

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Network Operating Expenses		
Parent company	20,50,41,819	13,49,30,473
Fellow subsidiaries	62,26,94,536	29,39,38,896
Total	82,77,36,355	42,88,69,369

2.25 Related Party Transactions

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

Trade Payables

Particulars	As at March 31, 2019	As at March 31, 2018
Fellow subsidiaries	36,83,065	-
Total	36,83,065	-

Due from Group Companies

Particulars	As at March 31, 2019	As at March 31, 2018
Parent company	-	-
Fellow subsidiaries	15,73,07,743	33,58,993
Total	15,73,07,743	33,58,993

Due to Group Companies

Particulars	As at March 31, 2019	As at March 31, 2018
Parent company	43,06,72,306	-
Fellow subsidiaries	22,23,99,881	31,04,53,312
Total	65,30,72,187	31,04,53,312

Vanco Srl

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

Note 2.26

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

For Shridhar & Associates

Chartered Accountants

Firm Registration No. 134427W

For Vanco Srl

Jitendra Sawjany

Partner

Membership No. 050980

Andrew Goldie

Director

Place : Mumbai

Date : 22nd May, 2019

Place :

Date : 21st May, 2019

Independent Auditors' Report

To the Board of Vanco BV (Holland)

Report on the Ind AS Financial Statements

Opinion

We have audited the accompanying standalone Ind AS financial statements of **Vanco BV (Holland)** ("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 & 2.09 of the notes to the financial statements where the company has negative net worth amounting to INR 60,11,93,443 for the year 2019 and INR 51,98,27,874 for the year 2018 (excluding loss on account of FCTR). The financial statements are prepared under going concern assumption since the ultimate parent company (GCX Limited) will continue to support the company in meeting its liabilities as they fall due within the coming 12 months.

The (GCX Limited) 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 Sawjany
Partner
Membership No.050980

Place: Mumbai
Date: 22nd May 2019

Vanco BV**Balance Sheet as on March 31,2019**

		(Amount in ₹)	
Particulars	Note No.	As at March 31, 2019	As at March 31, 2018
ASSETS			
Non-Current Assets			
Property, Plant and Equipment	2.01	-	3,233
Intangible Assets	2.02	-	869
Other Non current assets	2.03	18,32,054	2,19,824
Current Assets			
Financial Assets			
Trade receivables	2.04	4,33,33,838	2,56,60,770
Cash and cash equivalents	2.05	3,63,55,130	3,91,87,132
Others Financial Assets	2.06	41,61,02,800	8,87,91,687
Other current assets	2.07	1,25,81,438	1,43,35,455
Total Assets		<u>51,02,05,260</u>	<u>16,81,98,970</u>
EQUITY AND LIABILITIES			
Equity			
Equity Share Capital	2.08	15,53,775	16,19,330
Other Equity	2.09	(64,11,87,871)	(59,03,95,321)
Total Equity		<u>(63,96,34,096)</u>	<u>(58,87,75,991)</u>
Liabilities			
Current liabilities			
Financial Liabilities			
Trade Payables	2.10	1,21,95,485	2,49,05,157
Other financial liabilities	2.11	83,95,53,733	67,87,45,166
Other Current liabilities	2.12	29,30,99,498	5,33,24,638
Provisions	2.13	49,90,640	-
Total Current liabilities		<u>1,14,98,39,356</u>	<u>75,69,74,961</u>
Total Equity and Liabilities		<u>51,02,05,260</u>	<u>16,81,98,970</u>
General Information			
1.01			
Significant Accounting Policies			
1.02			
Notes on Accounts			
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 Vanco BV**Jitendra Sawjany**

Partner
Membership No. : 050980

Andrew Goldie

Director

Janet Troxell

Director

Place: Mumbai

Date: 22nd May,2019

Place:

Date: 21st May,2019

Place:

Date: 21st May,2019

Vanco BV**Statement of Profit & Loss for the year Ended March 31,2019**

(Amount in ₹)

Particulars	Note No.	For the year Ended March 31,2019	For the year Ended March 31,2018
Revenue from Operations	2.14	46,36,09,780	61,56,85,357
Other Income	2.15	82,75,817	1,34,67,746
Total Income		47,18,85,597	62,91,53,103
Expenses:			
Network Operating Expenses	2.16	37,61,26,896	47,38,38,927
Employee Benefits Eexpense	2.17	10,31,27,288	9,82,45,818
Depreciation and Amortization Expense	2.18	4,056	32,721
Other expenses	2.19	7,05,75,795	7,04,22,290
Total Expenses		54,98,34,035	64,25,39,756
Profit/(Loss) before tax		(7,79,48,438)	(1,33,86,653)
Tax expense:			
(1) Current tax		-	-
(2) Deferred tax		-	-
Profit (Loss) for the year		(7,79,48,438)	(1,33,86,653)
Other comprehensive income			
Items that may be subsequently reclassified to statement of profit or loss			
Currency translations		3,05,07,464	(9,39,75,352)
Total other comprehensive income for the year		3,05,07,464	(9,39,75,352)
Total comprehensive income for the year		(4,74,40,974)	(10,73,62,005)
(Loss) / Earnings per equity share:	2.2		
(1) Basic		(38.97)	(6.69)
(2) Diluted		(38.97)	(6.69)
General Information	1.01		
Significant Accounting Policies	1.02		
Notes on Accounts	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 Vanco BV

Jitendra Sawjany
Partner
Membership No. : 050980

Andrew Goldie
Director

Janet Troxell
Director

Date: 22nd May,2019
Place: Mumbai

Date: 21st May,2019
Place:

Date: 21st May,2019
Place:

Vanco BV

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

(Amount in ₹)

Particulars	Equity	Other Equity				Total Equity
	Share Capital	Reserves & Surplus		Other Comprehensive Income	Total Other Equity	
		Share Premium	Retained Earnings	Foreign currency translations reserve*		
Balance as at April 1, 2017	13,86,504	7,08,68,935	(59,08,30,006)	2,50,27,235	(49,49,33,836)	(49,35,47,332)
Net Profit/ (Loss) for the year	-		(1,33,86,653)	-	(1,33,86,653)	(1,33,86,653)
Currency translations	-	1,19,00,520		(9,39,75,352)	(8,20,74,832)	(8,20,74,832)
Foreign Exchange Movement	2,32,826	-		-	-	2,32,826
Balance as at March 31,2018	16,19,330	8,27,69,455	(60,42,16,659)	(6,89,48,117)	(59,03,95,321)	(58,87,75,991)
Net Profit/ (Loss) for the year			(7,79,48,438)		(7,79,48,438)	(7,79,48,438)
Currency translations		(33,51,576)		3,05,07,464	2,71,55,888	2,71,55,888
Foreign Exchange Movement	(65,555)				-	(65,555)
Balance as at March 31,2019	15,53,775	7,94,17,879	(68,21,65,097)	(3,84,40,653)	(64,11,87,871)	(63,96,34,096)

*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 Vanco BV

Jitendra Sawjany

Partner

Membership No. : 050980

Andrew Goldie

Director

Janet Troxell

Director

Date: 22nd May,2019

Place

Date: 21st May,2019

Place

Date: 21st May,2019

Place

Vanco BV
Statement of Cash flows for the year ended March 31, 2019

Particulars	(Amount in ₹)	
	For the year ended March 31,2019	For the year ended March 31,2018
A) CASH FLOW FROM OPERATING ACTIVITIES:		
Profit / (Loss) before tax	(7,79,48,438)	(1,33,86,653)
Adjustments for:		
Depreciation and amortisation expense	4,056	32,721
Foreign currency translation reserve	2,70,90,379	(8,18,45,236)
Dividend Income		
	(5,08,54,003)	(9,51,99,168)
Changes in working capital		
(Increase)/ Decrease in trade receivables	(1,76,73,068)	5,10,84,551
(Increase)/ Decrease in other financial assets	(32,73,11,113)	(5,18,42,735)
(Increase) / Decrease in other current assets	17,54,017	1,22,20,588
(Increase) / Decrease in Non current Financial assets	(16,12,230)	(31,606)
(Decrease) / Increase in trade payables	(1,27,09,672)	(4,76,12,094)
(Decrease) / Increase in other financial liabilities	16,08,08,567	13,56,90,984
(Decrease)/ Increase in other current liabilities	23,97,74,860	(3,26,32,844)
(Decrease)/ Increase in Provisions	49,90,640	-
Cash generated from / (used in) operations	4,80,22,001	6,68,76,844
Net cash generated from / (used in) operating activities (A)	(28,32,002)	(2,83,22,324)
B) CASH FLOW FROM INVESTING ACTIVITIES:		
Addition to Fixed Assets and CWIP		
Net cash (used in) / generated from investing activities (B)	-	-
C) CASH FLOW FROM FINANCING ACTIVITIES:		
Net cash generated from financing activities (C)	-	-
Net (Decrease) in cash and cash equivalents (A+B+C)	(28,32,002)	(2,83,22,324)
Cash and cash equivalents at the beginning of the year	3,91,87,132	6,75,09,456
Cash and cash equivalents at the end of the year	3,63,55,130	3,91,87,132

As per our report of even date attached

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

Jitendra Sawjany
Partner
Membership No. : 050980
Date: 22nd May,2019
Place

For Vanco BV

Andrew Goldie
Director

Date: 21st May,2019
Place

Janet Troxell
Director

Date: 21st May,2019
Place

Vanco BV

Notes to Financial Statements

1.01 Background

Vanco BV is a virtual Network operator. The Company provides enterprise clients with managed network solutions including the design, integration, implementation, security and management of global corporate networks. The Company provides IT Outsourcers enabling the sub-contract of the above service package as part of a wider IT outsourcing solution.

Vanco BV is asset-light, instead purchasing infrastructure from the hundreds of carriers globally, the company get the best prices for clients, design a solution using the most appropriate technology to meet customers' global requirements, and is 100% focused on delivering the highest quality customer service.

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 principals (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 realisation 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 liability to 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.

Notes to Financial Statements

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 Translation

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.

Functional Currency and Presentation Currency

Initially, these financial statements are presented in Indian Rupee. Functional currency of the Company is EUR.

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 (Refer Note 2.01), 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

Vanco BV

Notes to Financial Statements

property, plant and equipment as follows:

Leasehold improvements	over the period of lease
Computers and office equipment.....	3 to 5 years
Vehicles	5 years
Furniture and fittings	3 to 5 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

Computer software

Acquired computer software licenses 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 (three to five years).

Costs that are directly associated with the production of identifiable and unique software products controlled by the Group and that will probably generate economic benefits exceeding costs beyond one year, are recognized as intangible assets. Direct costs include the costs of software development employees and an appropriate portion of relevant overheads.

Computer software development costs recognized as assets are amortized over their estimated useful lives (not exceeding five years).

e) Financial Instruments

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

(a) 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

Notes to Financial Statements

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) 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.

Vanco BV

Notes to Financial Statements

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 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 recognised 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

Vanco BV

Notes to Financial Statements

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.

Managed Network Solution Services

A network contract typically covers the design, supply and installation of the network and thereafter the provision of packaged network solutions. Revenue relating to the initial part of the contract is determined by the value of the component elements represented by the equipment installed and time expended on this element of the Contract. The remainder of the contract value covering provisions of packaged network solutions is recognised evenly over the period of contract.

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.

Unbilled Revenue

Where the Services are performed prior to billing, an accrued income is recognized in unbilled revenue

m) Employee Benefits

Eligible employees of the Company are covered by defined contribution pension plan/provident fund scheme. Contribution to the plan/fund is made to the insurance

Vanco BV

Notes to Financial Statements

companies/local 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.

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 company reporting package and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognized in the period in which the results are known / materialized.

o) Earnings Per Share

Basic earnings per share

(i) 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.

Vanco BV

Notes forming part of Financial Statements on March 31, 2019

(Amount in ₹)

2.01 Property Plant & Equipment

Particulars	Computers	Furniture and Fixtures	Total
Gross carrying value			
As at April 01, 2018	26,52,662	52,126	27,04,788
Currency Translations	(1,07,412)	(2,127)	(1,09,539)
As at March 31, 2019	25,45,250	49,999	25,95,249
Accumulated Depreciation			
As at April 01, 2018	26,51,470	50,085	27,01,555
Depreciation for the year	1,189	2,028	3,217
Currency Translations	(1,07,409)	(2,114)	(1,09,523)
As at March 31, 2019	25,45,250	49,999	25,95,249
Gross carrying value as at March 31, 2019	25,45,250	49,999	25,95,249
Accumulated Depreciation	25,45,250	49,999	25,95,249
Closing net carrying value as at March 31, 2019	-	-	-

Particulars	Computers	Furniture and Fixtures	Total
Gross carrying value			
As at April 01, 2017	22,71,265	44,632	23,15,897
Currency Translations	3,81,397	7,494	3,88,891
As at March 31, 2018	26,52,662	52,126	27,04,788
Accumulated Depreciation			
As at April 01, 2018	22,64,121	28,007	22,92,128
Depreciation for the year	6,661	16,182	22,843
Currency Translations	3,80,688	5,896	3,86,584
As at March 31, 2018	26,51,470	50,085	27,01,555
Gross carrying value as at March 31, 2018	26,52,662	52,126	27,04,788
Accumulated Depreciation	26,51,470	50,085	27,01,555
Closing net carrying value as at March 31, 2018	1,192	2,041	3,233

Vanco BV

Notes forming part of Financial Statements on March 31, 2019

Particulars

(Amount in ₹)

2.02 Intangible Assets

Particulars	Software	Total
Gross carrying value		
As at April 01, 2018	31,817	31,817
Currency Translations	(1,250)	(1,250)
As at March 31, 2019	30,567	30,567
Accumulated Depreciation		
As at April 01, 2018	30,948	30,948
Depreciation for the year	839	839
Currency Translations	(1,220)	(1,220)
As at March 31, 2019	30,567	30,567
Gross carrying value as at March 31, 2019	30,567	30,567
Accumulated Depreciation	30,567	30,567
Closing net carrying value as at March 31, 2019	-	-

Particulars	Software	Total
Gross carrying value		
As at April 01, 2017	27,243	27,243
Currency Translations	4,574	4,574
As at March 31, 2018	31,817	31,817
Accumulated Depreciation		
As at April 01, 2018	17,418	17,418
Depreciation for the year	9,878	9,878
Currency Translations	3,652	3,652
As at March 31, 2018	30,948	30,948
Gross carrying value as at March 31, 2018	31,817	31,817
Accumulated Depreciation	30,948	30,948
Closing net carrying value as at March 31, 2018	869	869

Vanco BV**Notes forming part of Financial Statements on March 31,2019**

(Amount in ₹)

Particulars	As at March 31,2019	As at March 31,2018
2.03 Other Non-current Assets		
Deposits-LT	18,32,054	2,19,824
Prepaid Expenses-LT	-	-
	<u>18,32,054</u>	<u>2,19,824</u>
2.04 Trade Receivables (Unsecured)		
Considered Good	4,37,39,086	2,56,60,770
Considered Doubtful	-	6,73,217
Total	<u>4,37,39,086</u>	<u>2,63,33,987</u>
Less: Provision for Doubtful Debts	-	(6,73,217)
Less: Provision for Credit Note	(4,05,248)	
Total	<u>4,33,33,838</u>	<u>2,56,60,770</u>
2.05 Cash and Cash Equivalents		
Balance with Banks	3,63,55,130	3,91,87,132
Total	<u>3,63,55,130</u>	<u>3,91,87,132</u>
2.06 Other Financial Assets		
Group Company Receivables	41,61,02,800	8,87,91,687
Total	<u>41,61,02,800</u>	<u>8,87,91,687</u>
2.07 Other Current Assets (Unsecured, Considered good)		
Deposits	-	16,89,518
Balances with Government Authorities	25,76,024	38,24,351
Prepaid Expenses	83,23,288	24,22,489
Advances to Vendor	6,83,528	93,926
Unbilled Debtors	9,98,598	63,05,171
Total	<u>1,25,81,438</u>	<u>1,43,35,455</u>

Vanco BV

Notes forming part of Financial Statements on March 31,2019

(Amount in ₹)

2.08 Share Capital	As at	As at
Authorised	March 31,2019	March 31,2018
4,000,000 of € 0.01 Ordinary - A Shares	31,07,518	32,38,659
4,000,000 of € 0.01 Ordinary - B Shares	31,07,518	32,38,659
1,000,000 of € 0.01 Ordinary - C Shares	7,76,880	8,09,665
	69,91,916	72,86,983
Issued, Subscribed and Paid up		
2,000,000 (2,000,000) ordinary A shares @ €0.01 per share fully paid held by Reliance Vanco Group Limited, the Holding Company	15,53,775	16,19,330
	15,53,775	16,19,330

a) Shares held by Holding Company and Subsidiary of Holding Company.

	As at	As at
	March 31,2019	March 31,2018
	No. of Shares	No. of Shares
Reliance Vanco Group Limited	20,00,000	20,00,000
	20,00,000	20,00,000

b) Details of Shareholders holding more than 5% of the aggregate shares in the company.

	As at March 31,2019		As at March 31,2018	
Particulars	% of Holding	No. of Shares	% of Holding	No. of shares
Reliance Vanco Group Limited	100	20,00,000	100	20,00,000

c) Terms/Rights attached to ordinary shares

The Company has Ordinary A Shares having a par value of EUR 0.01 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.

d) Movement in Share Capital

Ordinary Shares	As at 31st March,2019		As at 31st March,2018	
	No. of Shares	Amt	No. of Shares	Amt
Balance as at the beginning of the year	20,00,000	15,53,775	20,00,000	16,19,330
Add : Movement for the Year	-	-	-	-
At the end of the year	20,00,000	15,53,775	20,00,000	16,19,330

Vanco BV

Notes forming part of Financial Statements on March 31,2019

Particulars	(Amount in ₹)	
	As at March 31,2019	As at March 31,2018
2.09 Other Equity		
Reserve and Surplus		
Balance as at the beginning of the year	(60,42,16,659)	(59,08,30,006)
Profit / (Loss) for the Year	(7,79,48,438)	(1,33,86,653)
Balance as at the end of the Year	(68,21,65,097)	(60,42,16,659)
Foreign Currency Transalation Reserve	(3,84,40,653)	(6,89,48,117)
Security Premium Reserve	7,94,17,879	8,27,69,455
Total	(64,11,87,871)	(59,03,95,321)
2.10 Trade Payables		
Trade Payables	1,21,95,485	2,49,05,157
Total	1,21,95,485	2,49,05,157
2.11 Other Financial Liabilities- Current		
Payable to Related Party	83,01,61,447	66,34,80,420
Employee Payable	90,14,700	1,52,64,746
Amount due to customer	3,77,586	
Total	83,95,53,733	67,87,45,166
2.12 Other Current Liabilities		
Unearned Income	10,33,93,779	5,33,24,638
Advance from Customers	18,97,05,719	-
Total	29,30,99,498	5,33,24,638
2.13 Provisions		
Prov Leave Encash-LT	49,90,640	-
	49,90,640	-

Vanco BV**Notes forming part of Financial Statements on March 31,2019**

(Amount in ₹)

Particulars	For the year Ended March 31,2019	For the year Ended March 31,2018
2.14 Revenue from Operations		
Enterprise Value Added Services	46,36,09,780	61,56,85,357
Total	46,36,09,780	61,56,85,357
2.15 Other Income		
Interest Income	-	30,414
Gain on Foreign Exchange Fluctuation	-	35,43,641
Reversal of Provision for Doubtful Debts	25,13,270	-
Reversal of Excess Provisions	55,46,576	39,46,664
Miscellaneous Income	2,15,971	59,47,027
Total	82,75,817	1,34,67,746
2.16 Network Operating Expenses		
Network Operating Expenses	37,61,26,896	47,38,38,927
Total	37,61,26,896	47,38,38,927
2.17 Employee Benefits Expense		
Salaries, Wages and Bonus	8,60,49,257	9,18,58,241
Contribution to Provident, Gratuity and Superannuation Fund	47,04,927	23,04,576
Employee Welfare and Other Amenities	1,23,73,104	40,83,001
Total	10,31,27,288	9,82,45,818
2.18 Depreciation & Amortization		
Depreciation & Amortization	4,056	32,721
Total	4,056	32,721
2.19 Other Expenses		
Rent	56,14,744	51,39,911
Rates and Taxes	1,39,482	-
Legal Fees	-	60,17,601
Professional Fees	9,18,697	4,87,292
Travel and Entertainment	47,57,853	3,72,268
Communication	32,30,119	18,45,604
Bank Charges	2,40,371	3,09,582
Foreign Exchange Gain/Loss (Net)	1,36,60,397	-
Information Technology Support	6,24,560	7,06,223
Provision for Doubtful Debts	-	80,34,927
Sales and Marketing Expenses	6,76,996	23,775
Management Cost Group Recharge	3,88,81,826	4,22,94,672
Facility Usage charges	49,570	2,85,893
Licensing and Regulatory Fees	65,441	-
Miscellaneous	17,15,739	48,26,258
	7,05,75,795	7,03,44,006
Payment to Auditors	-	78,284
Total	7,05,75,795	7,04,22,290
2.20 Earnings per equity share:		
Profit attributable to the shareholders	(7,79,48,438)	(1,33,86,653)
Weighted average number of shares	20,00,000	20,00,000
Basic and Diluted Earning Per share	(38.97)	(6.69)

2.21 Segment Reporting

The Company has determined its business segment as telecommunication network unit taking into account the nature of services provided, class of customers for the services provided, the differing risks and returns and the internal business reporting systems. Since 100% of the business of Company is from telecommunication network unit, there are no other reportable segments.

The segment revenue, segment result, total carrying amount of segment assets, total amount of segment liabilities, total cost incurred during the year to acquire segments assets, segment depreciation and amortisation for the year are reflected within the financial statements of the Company as of and for the year ended March 31,2019.

Substantial network assets are located across geographic territories and therefore not identifiable to any particular geographical segment.

2.22 Related Party Transactions

In accordance with the 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 arm's length basis:

List of related parties:

(a) Parties where control exist:

- i) Reliance Communications Limited (ultimate parent company)
- ii) Reliance Vanco Group Limited (parent company)

(b) Enterprises as affiliated companies are:

- i) Reliance Globalcom Limited, Bermuda
- ii) Reliance FLAG Telecom Ireland Limited
- iii) Vanco Australasia Pty Limited
- iv) Vanco Asia Pacific Pte Limited
- v) Vanco Japan KK
- vi) Vanco (Shanghai) Co Ltd
- vii) Reliance Vanco Group Limited
- viii) Vanco UK Limited
- ix) Vanco Global Limited
- x) Vanco ROW Limited
- xi) Vanco International Limited
- xii) VNO Direct Limited
- xiii) Vanco Benelux BV
- xiv) Vanco GmbH
- xv) Vanco Deutschland GMBH
- xvi) Vanco SAS
- xvii) Vanco NV
- xviii) Vanco Srl
- xix) Euronet Spain SA
- xx) Vanco Euronet SP Zoo
- xxi) Vanco Sweden AB
- xxii) Vanco Switzerland AG
- xxiii) Vanco South America Ltda
- xxiv) Net Direct SA (proprietary) Limited
- xxv) Vanco US LLC
- xxvi) Vanco Solutions Inc

Vanco BV**Notes forming part of Financial Statements**

Sales of services	Amount in ₹	
Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Service Revenue		
Parent Company	1,02,42,484	
Fellow subsidiaries	14,41,91,752	9,38,78,171
Total	154,434,236	9,38,78,171

(d) Purchases of services

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Network Operating Expenses		
Parent company	-	4,13,66,291
Fellow subsidiaries	235,733,820	28,84,61,011
Total	235,733,820	32,98,27,302

(e) Year-end balances arising from sales/purchases of services**Due from Group Companies**

Particulars	As at March 31, 2019	As at March 31, 2018
Fellow subsidiaries	41,61,02,800	8,87,91,687
Total	41,61,02,800	8,87,91,687

Due to Group Companies

Particulars	As at March 31, 2019	As at March 31, 2018
Parent company	61,48,25,709	58,28,81,643
Fellow subsidiaries	215,335,738	8,05,98,776
Total	830,161,447	66,34,80,420

Vanco BV**Notes forming part of Financial Statements**

2.23 Previous year figure have been regrouped or reclassified wherever necessary

2.24 The amounts relating to Balance Sheet items appearing in Indian Rupees have been translated at Closing Rate of 1 USD = INR 69.155 (March 31, 2018 1 GBP = INR 92.2775) and items relating to profit and loss have been translated at average rate of 1 USD = INR 69.916 and (March 31, 2018 1 GBP = INR 85.5198). The amounts have been converted in INR to comply with the financial reporting requirement in India.

For Shridhar & Associates

Chartered Accountant

Firm Registration No. 134427W

For Vanco BV**Jitendra Sawjany**

Partner

Membership no. 050980

Place: Mumbai

Date: 22nd May, 2019

Andrew Goldie

Director

Place:

Date: 21st May, 2019

Janet Troxell

Director

Place:

Date: 21st May, 2019

Independent Auditors' Report

To the Board of Euronet Spain SA

Report on the Ind AS Financial Statements

Opinion

We have audited the accompanying standalone Ind AS financial statements of **Euronet Spain SA** ("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 Sawjany
Partner
Membership No.050980

Place: Mumbai
Date: 22nd May 2019

Euronet Spain SA
Balance Sheet as on March 31, 2019

		Amount in ₹	
Particulars	Note No	As at March 31, 2019	As at March 31, 2018
ASSETS			
Current Assets			
Financial Assets			
Trade Receivables	2.01	36,70,958	70,18,629
Cash and Cash Equivalents	2.02	11,62,352	37,83,614
Others	2.03	25,23,18,690	20,43,13,434
Other Current Assets	2.04	3,31,57,522	2,05,90,053
Total Assets		29,03,09,522	23,57,05,730
EQUITY AND LIABILITIES			
Equity			
Equity Share Capital	2.05	97,11,016	1,01,20,810
Other Equity	2.06	13,10,23,894	15,98,42,352
Total Equity		14,07,34,910	16,99,63,162
LIABILITIES			
Current liabilities			
Financial Liabilities			
Trade Payables	2.07	4,31,40,229	4,60,17,570
Other financial liabilities	2.08	10,64,34,383	1,45,39,041
Other Current liabilities	2.09	-	39,71,572
Provisions	2.10	-	12,14,385
Total Liabilities		14,95,74,612	6,57,42,568
Total Equity and Liabilities		29,03,09,522	23,57,05,730
General Information			
Significant Accounting Policies	1.02		
Notes on Accounts	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 Euronet Spain SA

Jitendra Sawjany
Partner
Membership No : 050980

Andrew Goldie
Director

Janet Troxell
Director

Place: Mumbai
Date:22nd May 2019

Place:
Date:21st May 2019

Place:
Date:21st May 2019

Euronet Spain SA
Statement of Profit & loss for the year ended March 31, 2019

Particulars	Note No	Amount in ₹	
		For the Year Ended March 31, 2019	For the Year Ended March 31, 2018
Revenue from Operations	2.11	22,18,43,351	21,53,06,770
Other Income	2.12	(15,86,996)	80,13,894
Total Revenue		22,02,56,355	22,33,20,664
Expenses:			
Network Operating Expenses	2.13	21,13,17,220	17,62,73,361
Employee Benefits Expense	2.14	2,14,01,567	3,38,69,581
Depreciation and Amortization Expense	2.15	-	-
Other Expenses	2.16	1,12,96,552	82,40,608
Total Expenses		24,40,15,339	21,83,83,550
Profit before exceptional and extraordinary items and tax		(2,37,58,984)	49,37,114
Exceptional items		-	-
Profit before extraordinary items and tax		(2,37,58,984)	49,37,114
Extraordinary items		-	-
Profit before tax		(2,37,58,984)	49,37,114
Tax expense:			
(1) Current tax	2.17	(4,41,068)	(4,10,259)
(2) Deferred tax			
Profit (Loss) for the period		(2,33,17,916)	45,26,855
Other comprehensive income			
Items that may be subsequently reclassified to statement of profit or loss			
Currency Translation		34,23,499	42,98,800
Total other comprehensive income for the year		(1,98,94,417)	88,25,655
Earnings per equity share:	2.19		
(1) Basic		(19.43)	3.77
(2) Diluted		(19.43)	3.77
General Information	1.01		
Significant Accounting Policies	1.02		
Notes on Accounts	2		

The accompanying notes form an integral part of the financial statements
As per our Report of even date attached

For Shridhar & Associates
Chartered Accountant
Firm Registration No 134427W

For Euronet Spain SA

Jitendra Sawjany
Partner
Membership no. 050980
Place: Mumbai
Date: 22nd May 2019

Andrew Goldie
Director
Place:
Date: 21st May 2019

Janet Troxell
Director
Place:
Date: 21st May 2019

Euronet Spain SA
Cash Flow Statement 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			
Net Profit/(Loss) before tax as per Statement of Profit and Loss	(2,37,58,984)		49,37,114
Adjusted for:			
Provision for Doubtful Debts	7,57,364		
Foreign Currency Translation and exchange movement (net)	(66,67,700)	(59,10,336)	2,40,72,014
		(2,96,69,320)	2,90,09,128
Operating Profit before Working Capital Changes			
Adjusted for:			
(Increase)/Decrease in Trade Receivables	33,47,671	77,15,647	
(Increase)/Decrease in Other Financial Assets	(4,80,05,256)	(5,80,75,500)	
(Increase)/Decrease in Other Current Assets	(1,25,67,469)	3,33,15,206	
Increase/(Decrease) in Financial Liabilities	9,18,95,342	(1,26,39,616)	
Increase/(Decrease) in Current Liabilities	(39,71,572)	2,88,443	
Increase/(Decrease) in Trade Payables	(28,77,341)	(92,01,649)	
Increase/(Decrease) in Provision	(12,14,385)	12,14,385	(3,73,83,084)
Cash Generated from / (used in) Operations	(30,62,330)		(83,73,956)
Income Tax (Paid)/ Refund	4,41,068	(4,10,259)	
	-	4,41,068	(4,10,259)
Net Cash from / (used in) Operating Activities	(26,21,262)		(87,84,215)
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 (A+B+C)	(26,21,262)		(87,84,215)
Opening Balance of Cash and Cash Equivalents	37,83,614		1,25,67,829
Closing Balance of Cash and Cash Equivalents	11,62,352		37,83,614
As per our Report of even date attached	For Euronet Spain SA		
For Shridhar & Associates			
Chartered Accountants			
Firm Registration No 134427W			
Jitendra Sawjany	Andrew Goldie	Janet Troxell	
Partner	Director	Director	
Membership No : 050980			
Place: Mumbai	Place:	Place:	
Date:22nd May,2019	Date:21st May 2019	Date:21st May 2019	

Euronet Spain SA
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			Total Other Equity	
		General Reserve	Retained Earnings	Foreign Exchange Translation Reserve		
Balance at April 1, 2017	86,65,649	18,87,00,625	(5,69,19,823)	9,17,842	13,26,98,644	14,13,64,293
Surplus/ (Deficit) of Statement of Profit and Loss			45,26,855		45,26,855	45,26,855
Foreign Exchange Movement	14,55,161	3,16,87,162			3,16,87,162	3,31,42,323
Currency translation				(90,70,309)	(90,70,309)	(90,70,309)
Balance at March 31, 2018	1,01,20,810	22,03,87,787	(5,23,92,968)	(81,52,467)	15,98,42,352	16,99,63,162
Surplus/ (Deficit) of Statement of Profit and Loss			(2,33,17,916)		(2,33,17,916)	(2,33,17,916)
Foreign Exchange Movement	(4,09,794)	(89,24,041)			(89,24,041)	(93,33,835)
Currency translation				34,23,499	34,23,499	34,23,499
Balance at March 31, 2019	97,11,016	21,14,63,746	(7,57,10,884)	(47,28,968)	13,10,23,894	14,07,34,910

*Exchange Fluctuation Reserve: Exchange differences on translating the financial statements

As per our Report of even date attached

For Shridhar & Associates

Chartered Accountant

Firm Registration No 134427W

For Euronet Spain SA

Jitendra Sawjany

Partner

Membership no. 050980

Place: Mumbai

Date:22nd May 2019

Andrew Goldie

Director

Place:

Date:21st May 2019

Janet Troxell

Director

Place:

21st May 2019

1.01 General Information

Euronet Spain SA is a virtual Network operator. The Company provides enterprise clients with managed network solutions including the design, integration, implementation, security and management of global corporate networks. The Company provides IT Outsourcers enabling the sub-contract of the above service package as part of a wider IT outsourcing solution.

Euronet Spain SA is asset-light, instead purchasing infrastructure from the hundreds of carriers globally, the company get the best prices for clients, design a solution using the most appropriate technology to meet customers' global requirements, and is 100% focused on delivering the highest quality customer service.

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 principals (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 realisation 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 liability to 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 Translation

(i) Functional Currency and Presentation Currency

Initially, these financial statements are presented in Indian Rupee. Functional currency of the Company is AUD.

(ii) Transactions and Balances

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

b) 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 (Refer Note 2.01), 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 3 to 20 years

Leasehold improvements.....over the period of lease

Computers and office equipment.....3 to 6 years

Furniture and fittings.....3 to 7 years

he 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.

c) Intangible Assets

Computer software

Acquired computer software licenses 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 (three to five years).

Costs that are directly associated with the production of identifiable and unique software products controlled by the Group and that will probably generate economic benefits exceeding costs beyond one year, are recognized as intangible assets. Direct costs include the costs of software development employees and an appropriate portion of relevant overheads.

Computer software development costs recognized as assets are amortized over their estimated useful lives (not exceeding five years).

d) 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.

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.

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 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 recognised 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.

A network contract typically covers the design, supply and installation of the network and thereafter the provision of Packaged Network Solutions. Turnover relating to the initial part of the contract is recognized over the contract implementation period. The remainder of the contract value is recognized evenly over the period of the contract.

To the extent that the recognition differs from the contractual billing terms, either turnover is accrued or amounts billed in advance are treated as deferred income..

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) Unbilled Revenue

Where the Services are performed prior to billing, an accrued income is recognized in unbilled revenue.

k) Employee Benefits

Eligible employees of the Company are covered by defined contribution pension plan/provident fund scheme. Contribution to the plan/fund is made to the insurance companies/local 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.

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 company reporting package and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognized in the period 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..

Euronet Spain SA
Notes forming part of Financial Statements

Notes	Particulars	(Amount in ₹)	
		As at March 31, 2019	As at March 31, 2018
2.01	Trade Receivables		
	Unsecured		
	Considered Good	36,70,958	70,18,629
	Considered Doubtful	11,70,490	4,63,504
		<u>48,41,448</u>	<u>74,82,133</u>
	Less: Provision for doubtful debts	11,70,490	4,63,504
		<u>36,70,958</u>	<u>70,18,629</u>
2.02	Cash and Cash Equivalent		
	Balance with Banks		
	- Current Accounts	11,62,352	37,83,614
		<u>11,62,352</u>	<u>37,83,614</u>
2.03	Others Current Financial Assets		
	Unsecured		
	Due from Group Companies		
	Considered good	25,23,18,690	20,43,13,434
	Considered doubtful	-	-
		<u>25,23,18,690</u>	<u>20,43,13,434</u>
	Less: Provision for doubtful receivables	-	-
		<u>25,23,18,690</u>	<u>20,43,13,434</u>
2.04	Other Current Assets		
	Deposits	3,03,789	3,16,579
	Balances with Government Authorities	3,24,31,051	1,98,58,845
	Advances to Vendors	44,212	34,283
	Prepaid Expenses	3,78,470	3,80,347
	Others	-	-
		<u>3,31,57,522</u>	<u>2,05,90,053</u>

Euronet Spain SA
Notes forming part of Financial Statements

(Amount in ₹)
As at
March 31, 2018

As at
March 31, 2019

Note No 2.05 Equity Share Capital

Equity Share Capital

Share Capital

Authorised

9,500,000 (9,500,000) Ordinary A shares of Euro 0.01 each	73,80,372	76,91,816
2,500,000 (2,50,000) Ordinary B Shares (Non Voting) of Euro 0.01 each	19,42,203	20,24,162
500,000 B (500,000) Shares (Preferred) of Euro 0.01 each	3,88,441	4,04,832
	97,11,016	1,01,20,810

Issued, Subscribed and Paid up:

9,500,000 (9,500,000) Ordinary A shares of Euro 0.01 each	73,80,372	76,91,816
2,500,000 (2,50,000) Ordinary B Shares (Non Voting) of Euro 0.01 each	19,42,203	20,24,162
500,000 B (500,000) Shares (Preferred) of Euro 0.01 each	3,88,441	4,04,832
	97,11,016	1,01,20,810

97,11,016

a) Shares held by Holding Company and Subsidiary of Holding Company

Ordinary Shares

	As at March 31, 2019		As at March 31, 2018	
	% of Holding	No. of Shares	% of Holding	No. of Shares
Reliance Vanco Group Limited (ordinary class A shares)	99.789	94,80,000	99.789	94,80,000
Vanco UK Limited	0.211	20,000	0.211	20,000
	100	95,00,000	100	95,00,000

b) Details of shares held by shareholders holding more than 5% of the aggregate shares in the Company

	As at March 31, 2019		As at March 31, 2018	
	% of Holding	No. of Shares	% of Holding	No. of Shares
Ordinary Shares				
Reliance Vanco Group Limited (ordinary class A shares)	99.789	94,80,000	99.789	94,80,000
Ordinary Shares (Non -voting)				
Reliance Vanco Group Limited (ordinary class B Non Voting shares)	100.000	25 00 000	100.000	25 00 000
Ordinary Shares (Preferred)				
Reliance Vanco Group Limited (ordinary class B Preferred shares)	100.000	5 00 000	100.000	5 00 000

c) Rights, Preferences and Restriction attached to the shares

The Company has Ordinary A Shares, Ordinary B Shares and B Shares (Preferred) having a par value of EUR 0.01 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.

d) Reconciliation of share outstanding at the beginning and at the end of March 31, 2019

	As at March 31, 2019		As at March 31, 2018	
	No. of Shares	Amount	No. of Shares	Amount
Ordinary Share				
Balance as at the beginning of the year	1,20,00,000	93,22,575	1,20,00,000	97,15,978
Add: Shares issued during the year	-	-	-	-
Balance as at the end of March 31, 2019	1,20,00,000	93,22,575	1,20,00,000	97,15,978
Ordinary Shares (Preferred)				
Balance as at the beginning of the year	5,00,000	3,88,441	5,00,000	4,04,832
Add: Shares issued during the year	-	-	-	-
Balance as at the end of March 31, 2019	5,00,000	3,88,441	5,00,000	4,04,832

As at
March 31, 2019

As at
March 31, 2018

Note No 2.06 Other Equity

General Reserve	21,14,63,745	22,03,87,787
Foreign Currency Translation Reserve	(47,28,968)	(81,52,467)
Retained Earnings		
Opening Balance	(5,23,92,967)	(5,69,19,822)
Add: Surplus/ (Deficit) of Statement of Profit and Loss	(2,33,17,916)	45,26,855
	13,10,23,894	(5,23,92,967)
		15,98,42,353

Euronet Spain SA
Notes forming part of Financial Statements

Notes	Particulars	(Amount in ₹)	
		As at March 31, 2019	As at March 31, 2018
2.07 Trade Payables			
	Trade Payables	<u>4,31,40,229</u>	<u>4,60,17,570</u>
		<u>4,31,40,229</u>	<u>4,60,17,570</u>
2.08 Other Financial liabilities			
	Employee Payable	<u>14,95,163</u>	<u>6,21,457</u>
	Statutory dues Payable	<u>7,77,464</u>	<u>9,53,146</u>
	Due to Group Companies	<u>10,41,61,756</u>	<u>1,29,64,437</u>
		<u>10,64,34,383</u>	<u>1,45,39,040</u>
2.09 Other Current liabilities			
	Unearned Income	<u>-</u>	<u>39,71,572</u>
		<u>-</u>	<u>39,71,572</u>
2.10 Provisions			
	Provision for Leave Encashment	<u>-</u>	<u>12,14,385</u>
		<u>-</u>	<u>12,14,385</u>

Euronet Spain SA
Notes forming part of Financial Statements

Notes	Particulars	(Amount in ₹)	
		For the Period ended March 31, 2019	For the Year ended March 31, 2018
2.11	Revenue from Operations		
	Enterprise Value Added Services	22,18,43,351	21,53,06,770
		22,18,43,351	21,53,06,770
2.12	Other Income		
	Gain on Foreign Exchange Fluctuation	(19,03,476)	18,34,026
	Reversal of Provision for Doubtful Debts	-	12,80,647
	Reversal of Provision	3,16,480	35,57,363
	Miscellaneous Income	-	13,41,858
		(15,86,996)	80,13,894
2.13	Network Operating Expenses		
	Network Operating Expenses	21,13,17,220	17,62,73,361
		21,13,17,220	17,62,73,361
2.14	Employee Benefits Expense		
	Salaries, Wages and Bonus	2,07,34,954	3,37,32,865
	Employee Welfare and Other Amenities	6,66,613	1,36,716
		2,14,01,567	3,38,69,581
2.15	Depreciation & Amortization		
	Depreciation & Amortization	-	-
		-	-
2.16	Other Expenses		
	Rent	16,93,195	16,36,596
	Insurance	-	-
	Rates and Taxes	23,446	-
	Legal Fees	28,28,735	13,70,029
	Professional Fees	21,74,627	14,87,857
	Travel and Entertainment	-	54,305
	Communication	3,12,067	1,40,533
	Bank Charges	2,03,570	2,41,600
	Provision for Doubtful Debts	7,57,364	-
	Sales and Marketing Expenses	-	-
	Management Cost Group Recharge	30,84,071	30,56,422
	Repairing & Maintances Building	-	-
	Facility Usage charges	-	41,163
	Foreign Exchange Fluctuation	-	-
	Miscellaneous	2,19,477	2,12,103
		1,12,96,552	82,40,608
2.17	Current Tax		
	Provision for Income Tax-Current year	4,41,068	4,10,259
		4,41,068	4,10,259

2.18 Segment Reporting

The Company has determined its business segment as telecommunication network unit taking into account the nature of services provided, class of customers for the services provided, the differing risks and returns and the internal business reporting systems. Since 100% of the business of Company is from telecommunication network unit, there are no other reportable segments.

The segment revenue, segment result, total carrying amount of segment assets, total amount of segment liabilities, total cost incurred during the year to acquire segments assets, segment depreciation and amortisation for the year are reflected within the financial statements of the Company as of and for the year ended March 31, 2019.

Substantial network assets are located across geographic territories and therefore not identifiable to any particular geographical segment.

	For the Period ended March 31, 2019	For the Year ended March 31, 2018
2.19 Earnings per equity share:		
Profit attributable to the shareholders (A)	(2,33,17,916)	45,26,855
Weighted average number of share of Euro 0.01 each used as denominator for calculating Basic and Diluted EPS (B)	12,00,000	12,00,000
Basic and Diluted Earning Per share (A/B)	(19.43)	3.77

2.20 Related Party Transactions

In accordance with the 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 arm's length basis:

List of related parties:

(a) Parties where control exist:

- i) Reliance Communications Limited (ultimate parent company)
- ii) Reliance Vanco Group Limited (parent company)

(b) Enterprises as affiliated companies are:

- i) Reliance Globalcom Limited, Bermuda
- ii) Vanco Australasia Pty Limited
- iii) Vanco Asia Pacific Pte Limited
- iv) Vanco Japan KK
- v) Vanco (Shanghai) Co Ltd
- vi) Reliance Vanco Group Limited
- vii) Vanco UK Limited
- viii) Vanco Global Limited
- ix) Vanco ROW Limited
- x) Vanco International Limited
- xi) VNO Direct Limited
- xii) Vanco Benelux BV
- xiii) Vanco GmbH
- xiv) Vanco Deutschland GMBH
- xv) Vanco SAS
- xvi) Vanco NV
- xvii) Vanco Srl
- xviii) Vanco BV
- xix) Vanco Euronet SP Zoo
- xx) Vanco Sweden AB
- xxi) Vanco Switzerland AG
- xxii) Vanco South America Ltda
- xxiii) Net Direct SA (proprietary) Limited
- xxiv) Vanco US LLC
- xxv) Vanco Solutions Inc

Euronet Spain SA
Notes forming part of Financial Statements

(c) Sales of services

Particulars	For the year ended	Amount in ₹ For the year ended
	March 31, 2019	March 31, 2018
Service Revenue		
Parent company	60,09,258	3,83,04,440
Fellow subsidiaries	19,13,10,574	13,93,75,013
Total	19,73,19,832	17,76,79,453

(d) Purchases of services

Particulars	For the year ended	For the year ended
	March 31, 2019	March 31, 2018
Network Operating Expenses		
Parent company	-	-
Fellow subsidiaries	3,93,19,279	4,55,52,661
Total	3,93,19,279	4,55,52,661

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

Due from Group Companies

Particulars	As at March 31, 2019	As at March 31, 2018
Parent company	11,36,87,501	15,55,20,620
Fellow subsidiaries	13,86,31,189	4,87,92,813
Total	25,23,18,690	20,43,13,433

Due to Group Companies

Particulars	As at March 31, 2019	As at March 31, 2018
Fellow subsidiaries	10,41,61,756	1,29,64,437
Total	10,41,61,756	1,29,64,437

Euronet Spain SA
Notes forming part of Financial Statements

- 2.21** Previous year figure have been regrouped or reclassified wherever necessary
- 2.22** The amounts relating to Balance Sheet items appearing in Indian Rupees have been translated at Closing Rate of 1 USD = INR 69.155 (March 31,2018 1 GBP=92.2775) and items relating to profit and loss have been translated at average rate of 1 USD = INR 69.916 (March 31,2018 1 GBP = INR 85.5198

For Shridhar & Associates
Chartered Accountant
Firm Registration No 134427W

For Euronet Spain SA

Jiterndra Swajiany
Partner
Membership no. 050980
Place: Mumbai
Date: 22nd May 2019

Andrew Goldie
Director

Place:
Date:21st May 2019

Janet Troxell
Director

Place:
Date:21st May 2019

Independent Auditors' Report

To the Board of Vanco SAS

Report on the Ind AS Financial Statements

Opinion

We have audited the accompanying standalone Ind AS financial statements of **Vanco 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 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 2.07 and 2.08 of the notes to the financial statements where the company has negative net worth amounting to INR 3,73,28,48,823 for the year 2019 and INR 3,41,02,00,947 for the year 2018 (excluding loss on account of FCTR). The financial statements are prepared under going concern assumption since the ultimate parent company (GCX Limited) will continue to support the company in meeting its liabilities as they fall due within the coming 12 months.

The (GCX Limited) 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 Sawjany
Partner
Membership No.050980

Place: Mumbai
Date: 22nd May 2019

Balance Sheet as on March 31.2019

(Amount in ₹)

The accompanying notes form an integral part of the Financial statements
As per our report of even date attached

For Vanco SAS

Andrew Goldie	Janet Troxell
Director	Director

Place: _____ Place: _____
Date: 21st May, 2019 Date: 21st May, 2019

Vanco SAS**Statement of Profit & Loss For the Period Ended March 31,2019**

(Amount in ₹)

Particulars	Note No.	For the year Ended March 31,2019	For the year Ended March 31,2018
Revenue from Operations	2.12	1,03,63,05,998	1,07,44,12,357
Other Income	2.13	67,06,063	9,89,80,272
Total Revenue		1,04,30,12,061	1,17,33,92,629
Expenses:			
Network Operating Expenses	2.14	91,26,09,982	86,76,74,143
Employee Benefits Eexpense	2.15	23,60,06,352	19,27,91,390
Depreciation and Amortization Expense	2.16	99,560	1,41,364
Other expenses	2.17	21,59,60,455	12,28,12,932
Total Expenses		1,36,46,76,349	1,18,34,19,829
Profit before tax		(32,16,64,288)	(1,00,27,200)
Tax expense:			
(1) Current tax		-	87,31,572
(2) Deferred tax			
Profit (Loss) after tax		(32,16,64,288)	(1,87,58,772)
Other comprehensive income			
Items that may be subsequently reclassified to statement of profit or loss			
Currency translation difference		16,82,07,421	(54,81,41,865)
Total other comprehensive income for the year		16,82,07,421	(54,81,41,865)
Total comprehensive income for the year		(15,34,56,867)	(56,69,00,637)
Earnings per equity share:	2.19		
(1) Basic		(10,722.14)	(625.29)
(2) Diluted		(10,722.14)	(625.29)

General Information

1.01

Significant Accounting Policies

1.02

Notes on Accounts

2

The accompanying notes form an integral part of the Financial statements

As per our report of even date attached

For Shridhar & Associates**For Vanco SAS**

Chartered Accountants

Firm Registration No. 134427W

Jitendra Sawjiani**Andrew Goldie****Janet Troxell**

Partner

Director

Director

Membership No. : 050980

Place: Mumbai

Place:

Place:

Date: 22nd May,2019

Date: 21st May,2019

Date: 21st May,2019

Vanco SAS**Statement of Cash flows for the year ended March 31, 2019**

Particulars	(Amount in ₹)	
	For the year ended March 31,2019	For the year ended March 31,2018
A) CASH FLOW FROM OPERATING ACTIVITIES:		
Profit / (Loss) before tax	(32,16,64,288)	(1,00,27,200)
Adjustments for:		
Depreciation and amortisation expense	99,560	1,41,364
Foreign currency translations	17,33,13,590	(54,46,81,888)
	(14,82,51,138)	(55,45,67,724)
Changes in working capital		
(Increase) in trade receivables	1,37,21,524	(44,00,004)
(Increase) in other financial assets	(3,27,03,816)	74,66,685
(Increase) / Decrease in other current assets	(7,30,774)	(32,02,536)
(Decrease) / Increase in trade payables	(6,60,08,621)	(13,53,70,333)
Increase in other financial liabilities	15,15,22,198	64,92,78,510
Increase in other current liabilities	5,26,40,082	4,83,06,776
Cash generated from / (used in) operations	11,84,40,593	56,20,79,098
Income Tax(Paid)/Refunds	(58,41,315)	(1,48,19,488)
Net cash generated from / (used in) operating activities (A)	(3,56,51,860)	(73,08,114)
B) CASH FLOW FROM INVESTING ACTIVITIES:		
Net cash (used in) / generated from investing activities (B)	-	-
C) CASH FLOW FROM FINANCING ACTIVITIES:		
Net cash generated from financing activities (C)	-	-
Net (Decrease) in cash and cash equivalents (A+B+C)	(3,56,51,860)	(73,08,113)
Cash and cash equivalents at the beginning of the year	5,30,52,365	6,03,60,478
Cash and cash equivalents at the end of the year	1,74,00,505	5,30,52,365

As per our report of even date attached

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

For Vanco SAS

Jitendra Sawjany
Partner
Membership No. : 050980

Andrew Goldie
Director

Janet Troxell
Director

Place: Mumbai
Date: 22nd May,2019

Place:
Date: 21st May,2019

Place:
Date: 21st May,2019

Vanco SAS

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

(Amount in ₹)

Particulars	Equity	Other Equity			Total Equity
	Share Capital	Reserves & Surplus	Other Comprehensive Income	Total Other Equity	
		Retained Earnings	Foreign Currency Translations Reserve*		
Balance as at April 1, 2017	2,07,97,558	(3,41,57,32,104)	15,97,20,607	(3,25,60,11,495)	(3,23,52,13,937)
Net Profit for the year		(1,87,58,772)		(1,87,58,772)	(1,87,58,772)
Currency Translations			(54,81,41,865)	(54,81,41,865)	(54,81,41,865)
Foreign Exchange Movement	34,92,371				34,92,371
Balance as on March 31,2018	2,42,89,929	(3,43,44,90,876)	(38,84,21,258)	(3,82,29,12,132)	(3,79,86,22,203)
Net Profit for the year		(32,16,64,288)		(32,16,64,288)	(32,16,64,288)
Currency Translations			16,82,07,421	16,82,07,420	16,82,07,420
Foreign Exchange Movement	(9,83,588)			-	(9,83,588)
Balance as on March 31,2019	2,33,06,341	(3,75,61,55,164)	(22,02,13,837)	(3,97,63,69,000)	(3,95,30,62,659)

*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 Vanco SAS

Jitendra Sawjany

Partner

Membership No. : 050980

Andrew Goldie

Director

Janet Troxell

Director

Place: Mumbai

Date: 22nd May,2019

Place:

Date: 21st May,2019

Place:

Date: 21st May,2019

1.1 General Information

Vanco SAS is a virtual Network operator. The Company provides enterprise clients with managed network solutions including the design, integration, implementation, security and management of global corporate networks

1.2 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.

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 liability to 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

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

have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions

b) Foreign Currency Translation

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.

Functional Currency and Presentation Currency

Initially, these financial statements are presented in Indian Rupee. Functional currency of the Company is EUR.

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
Leasehold improvements.....over the period of lease
Computers and office equipment.....3 to 6 years
Vehicles.....5 years

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

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

Intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other 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 companyed at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other 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) 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 recognized when the Company becomes a party to the contractual provisions of the instrument. Financial liabilities are initially measured at the amortized cost unless at initial recognition, they are classified as fair value through profit and loss.

(III) Subsequent measurement

Financial liabilities are subsequently measured at amortized 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 recognized in the statement of profit and loss.

(IV) Derecognition of financial liabilities

A financial liability is derecognized 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 recognized in the Statement of profit and loss.

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.

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

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 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 recognised 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.

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

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.

Managed Network Solution Services

A network contract typically covers the design, supply and installation of the network and thereafter the provision of packaged network solutions. Revenue relating to the initial part of the contract is determined by the value of the component elements represented by the equipment installed and time expended on this element of the Contract. The remainder of the contract value covering provisions of packaged network solutions is recognised evenly over the period of contract.

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.

Unbilled Revenue

Where the Services are performed prior to billing, an accrued income is recognized in unbilled revenue

m) Employee Benefits

Eligible employees of the Company are covered by defined contribution pension plan/provident fund scheme. Contribution to the plan/fund is made to the insurance companies/local 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.

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 company reporting package and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognized in the period 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.

Vanco SAS

Notes forming part of Financial Statements on March 31, 2019

2.01 Property Plant & Equipment

(Amount in ₹)

Particulars	Leasehold Improvement	Computers	Network Assets	Total
Gross carrying value				
As at 1st April 2018	18,77,847	3,05,85,562	2,98,425	3,27,61,834
Currency Transalation	(76,083)	(12,38,531)	(12,054)	(13,26,668)
As at Mar 31, 2019	18,01,764	2,93,47,031	2,86,371	3,14,35,166
Accumulated Depreciation				
As at 1st April 2018	18,77,847	3,05,85,562	1,52,073	3,26,15,482
Depreciation for the year	-	-	99,560	99,560
Currency Transalation	(76,083)	(12,38,531)	(10,213)	(13,24,827)
As at Mar 31, 2019	18,01,764	2,93,47,031	2,41,420	3,13,90,215
Closing net carrying value as at Mar 31, 2019				
Gross carrying value as at Mar 31, 2019	18,01,764	2,93,47,031	2,86,371	3,14,35,166
Accumulated Depreciation	18,01,764	2,93,47,031	2,41,420	3,13,90,215
Closing net carrying value as at Mar 31, 2019	-	-	44,951	44,951

Particulars	Leasehold Improvement	Computers	Network Assets	Total
Gross carrying value				
As at 1st April 2017	16,07,814	2,61,87,967	2,55,557	2,80,51,338
Additions				
Currency Transalation	2,70,033	43,97,595	42,868	47,10,496
As at Mar 31, 2018	18,77,847	3,05,85,562	2,98,425	3,27,61,834
Accumulated Depreciation				
As at 1st April 2017	16,07,814	2,61,87,967	234	2,77,96,015
Depreciation for the year	-	-	1,41,364	1,41,364
Currency Transalation	2,70,033	43,97,595	10,475	46,78,103
As at Mar 31, 2018	18,77,847	3,05,85,562	1,52,073	3,26,15,482
Closing net carrying value as at Mar 31, 2018				
Gross carrying value as at Mar 31, 2018	18,77,847	3,05,85,562	2,98,425	3,27,61,834
Accumulated Depreciation	18,77,847	3,05,85,562	1,52,073	3,26,15,482
Closing net carrying value as at Mar 31, 2018	-	-	1,46,352	1,46,352

Vanco SAS

Notes forming part of Financial Statements on March 31,2019

(Amount in ₹)

Particulars	As at March 31,2019	As at March 31,2018
2.02 Trade Receivables (Unsecured)		
Considered Good	20,01,31,458	24,72,12,807
Considered Doubtful	-	-
Total	20,01,31,458	24,72,12,807
Less: Provision for Doubtful Debts	(94,41,248)	(4,28,01,073)
Total	19,06,90,210	20,44,11,734
2.03 Cash and Cash Equivalents		
Balance with Banks	1,74,00,505	5,30,52,365
Total	1,74,00,505	5,30,52,365
2.04 Other Financial Assets		
Group Company Receivables	4,84,67,766	1,57,63,950
	4,84,67,766	1,57,63,950
2.05 Current Tax Assets (Net)		
Advance Tax and Tax deducted at source	58,41,315	60,87,916
	58,41,315	60,87,916
2.06 Other Current Assets		
Deposits	1,05,22,832	1,09,66,904
Unbilled Debtors	17,06,607	67,56,005
Prepaid Expenses	1,06,79,053	57,13,084
Advances to Vendor	12,58,275	-
Total	2,41,66,767	2,34,35,993

Vanco SAS

Notes forming part of Financial Statements on March 31,2019

(Amount in ₹)

	As at March 31,2019	As at March 31,2018
--	------------------------	------------------------

2.07 Share Capital

Authorised

30,000 ordinary shares of EUR 10 per share	<u>2,33,06,341</u>	<u>2,42,89,929</u>
	<u>2,33,06,341</u>	<u>2,42,89,929</u>

Issued, Subscribed and Paid up

30,000 ordinary shares of EUR 10 per share each fully paid	<u>2,33,06,341</u>	<u>2,42,89,929</u>
	<u>2,33,06,341</u>	<u>2,42,89,929</u>

a) Shares held by Holding Company and Subsidiary of Holding Company.

	No. of Shares	No. of Shares
Reliance Vanco Group Limited	<u>30,000</u>	<u>30,000</u>
	<u>30,000</u>	<u>30,000</u>

b) Details of Shareholders holding more than 5% of the aggregate shares in the company.

	As at March 31,2019		As at March 31,2018	
Particulars	% of Holding	No. of Shares	% of Holding	No. of Shares
Reliance Vanco Group Limited	100	2,33,06,341	100	2,42,89,929

c) Terms/Rights attached to ordinary shares

The company has Ordinary shares having a par Value of EUR 1 per share. Each Shareholder is entitled to one Vote per share. In the even 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 Shareholders.

d) Reconciliation of Shares outstanding at the beginning and at the end of the Year

Ordinary Shares	As at 31st March,2019		As at 31st March,2018	
	No. of Shares	Amt	No. of Shares	Amt
Balance as at the beginning of the year	30,000	2,33,06,341	30,000	2,42,89,929
Add : Movement for the Year	-	-	-	-
At the end of the year	30,000	2,33,06,341	30,000	2,42,89,929

Vanco SAS**Notes forming part of Financial Statements on March 31,2019**

(Amount in ₹)

Particulars	As at March 31,2019	As at March 31,2018
2.08 Other Equity		
Reserves and Surplus		
Balance as at the beginning of the year	(3,43,44,90,876)	(3,41,57,32,104)
Profit / (Loss) for the Year	(32,16,64,288)	(1,87,58,772)
Balance as at the end of the Year	(3,75,61,55,164)	(3,43,44,90,876)
Foreign Currency Translation Reserve	(22,02,13,837)	(38,84,21,258)
	(3,97,63,69,001)	(3,82,29,12,134)
2.09 Trade Payables		
Trade Payables	13,08,86,557	19,68,95,178
	13,08,86,557	19,68,95,178
2.10 Other Financial Liabilities		
Payable to Related Party	3,88,11,45,747	3,72,96,23,549
	3,88,11,45,747	3,72,96,23,549
2.11 Other Current Liabilities		
Employee Benefits Payable	2,33,30,269	1,39,73,398
Statutory dues payable	3,98,28,924	3,28,66,662
Unearned Income	16,37,74,461	12,81,61,728
Others	7,08,216	-
	22,76,41,870	17,50,01,788

Vanco SAS**Notes forming part of Financial Statements on March 31,2019**

Particulars	(Amount in ₹)	
	For the year Ended March 31,2019	For the year Ended March 31,2018
2.12 Revenue from Operations		
Enterprise Value Added Services	1,03,63,05,998	1,07,44,12,357
Total	1,03,63,05,998	1,07,44,12,357
2.13 Other Income		
Gain on Foreign Exchange Fluctuation	-	7,74,12,350
Reversal of Excess Provisions	67,06,063	1,73,44,185
Miscellaneous Income	-	42,23,737
Total	67,06,063	9,89,80,272
2.14 Network Operating Expenses		
Network Operating Expenses	91,26,09,982	86,76,74,143
Total	91,26,09,982	86,76,74,143
2.15 Employee Benefits Expenses		
Salaries, Wages and Bonus	23,55,86,157	19,17,00,927
Contribution to Provident, Gratuity and Superannuation Fund	-	-
Employee Welfare and Other Amenities	4,20,195	10,90,463
Total	23,60,06,352	19,27,91,390
2.16 Depreciation & Amortization		
Depreciation & Amortization	99,560	1,41,364
Total	99,560	1,41,364
2.17 Other Expenses		
Rent	2,48,24,235	2,45,39,821
Rates and Taxes	39,37,599	-
Legal Fees	1,47,44,375	71,56,040
Professional Fees	28,83,826	39,67,605
Travel and Entertainment	78,37,163	44,76,277
Communication	12,80,232	10,53,775
Bank Charges	2,32,611	4,44,788
Foreign Exchange Gain/Loss (Net)	6,24,76,657	-
Information Technology Support	10,68,735	6,83,988
Provision for Doubtful Debts	80,47,961	4,40,598
Sales and Marketing Expenses	3,69,506	2,99,662
Management Cost Group Recharge	8,26,21,765	6,03,17,457
Repairing & Maintances Building	24,401	1,25,13,770
Facility Usage charges	12,78,344	31,88,435
Licensing and Regulatory Fees	10,16,089	1,90,453
Miscellaneous	3,38,604	5,23,980
	21,29,82,103	11,97,96,649
Payment to Auditors	29,78,352	30,16,283
Total	21,59,60,455	12,28,12,932

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

2.18 Segment Reporting

The Company has determined its business segment as telecommunication network unit taking into account the nature of services provided, class of customers for the services provided, the differing risks and returns and the internal business reporting systems. Since 100% of the business of Company is from telecommunication network unit, there are no other reportable segments.

The segment revenue, segment result, total carrying amount of segment assets, total amount of segment liabilities, total cost incurred during the year to acquire segments assets, segment depreciation and amortisation for the year are reflected within the financial statements of the Company as of and for the year ended March 31, 2019 .

Substantial network assets are located across geographic territories and therefore not identifiable to any particular geographical segment.

2.19 Earnings per Share

		INR except number of shares	
Particulars		Year ended March 31, 2019	Year ended March 31, 2018
A	Profit after Tax	(321,664,288)	(1,87,58,722)
B	Weighted average number of share of Euro 1 each used as denominator for calculating Basic and Diluted EPS	30000	30000
C	Basic and Diluted Earnings per Share (A/B)	(1,0722.14)	(625.29)

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 = INR 69.155 (March 31, 2018 1 GBP = INR 92.2775) and items relating to profit and loss have been translated at average rate of 1 USD = INR 69.916 and (March 31, 2018 1 GBP = INR 85.5198). The amounts have been converted in INR to comply with the financial reporting requirement in India.

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:

- a) Parties where control exist:
 - i) Reliance Communications Limited
 - ii) Reliance Vanco Group Limited
- b) Enterprises as affiliated companies are:
 - i) Vanco UK Limited
 - ii) Vanco Row Limited
 - iii) Vanco International Limited
 - iv) Vanco Global Limited
 - v) Euronet Spain SA
 - vi) Vanco Srl
 - vii) Vanco GmbH
 - viii) Vanco Deutschland GmbH

Vanco SAS

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

- ix) Vanco Switzerland A.G.
- x) Vanco B.V.
- xi) Vanco Benelux BV
- xii) Vanco NV
- xiii) Vanco US LLC
- xiv) Vanco Solutions Inc.
- xv) Vanco Australasia Pty. Limited
- xvi) Vanco (Asia Pacific) Pte. Limited
- xvii) Vanco Japan KK
- xviii) Vanco Sweden AB

c) Sales of services

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Service Revenue		
Parent company	11,68,72,960	12,19,14,461
Fellow subsidiaries	26,24,51,904	22,76,16,849
Total	37,93,24,864	34,95,31,310

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	51,19,62,058	45,79,08,928
Total	51,19,62,058	45,79,08,928

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

Particulars	As at March 31, 2019	As at March 31, 2018
Due to Related Party		
Parent company	3,36,64,90,503	3,58,42,07,989
Fellow subsidiaries	51,46,55,244	14,54,15,593
Total	3,88,11,45,747	3,72,96,23,583

Vanco SAS**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 from Related Party		
Parent company		-
Fellow subsidiaries	<u>4,84,67,766</u>	<u>1,57,63,982</u>
Total	<u><u>4,84,67,766</u></u>	<u><u>1,57,63,982</u></u>

2.21 Previous year figure have been regrouped or reclassified wherever necessary.

For Shridhar & Associates

Chartered Accountants

Firm Registration No. : 134427W

For Vanco SAS**Jitendra Sawjany**

Partner

Membership No: 050980

Janet Troxell

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 Vanco Sp zoo

Report on the Ind AS Financial Statements

Opinion

We have audited the accompanying standalone Ind AS financial statements of **Vanco Sp zoo** ("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 Sawjany
Partner
Membership No.050980

Place: Mumbai
Date: 22nd May 2019

Vanco SP Zoo
Balance Sheet as at March 31, 2019

Particulars	Note No.	As at March 31, 2019	As at March 31, 2018
ASSETS			
Current Assets			
Financial Assets			
Cash & Cash Equivalents	2.01	1,22,750	-
Others	2.02	75,18,255	13,84,901
Income Tax Assets (Net)	2.03	39,487	
Other Current Assets	2.04	13,55,161	2,34,46,790
Total Assets		90,35,653	2,48,31,691
EQUITY AND LIABILITIES			
Equity			
Equity Share Capital	2.05	18,09,371	19,22,140
Other Equity	2.06	52,73,829	48,24,547
Total Equity		70,83,200	67,46,687
LIABILITIES			
Current Liabilities			
Financial Liabilities			
- Trade Payables	2.07	19,13,865	36,08,233
- Other Financial Liabilities	2.08	38,588	1,42,32,051
Income Tax Liabilities (Net)	2.09	-	2,44,720
Total Current Liabilities		19,52,453	1,80,85,004
Total Equity and Liabilities		90,35,653	2,48,31,691

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

Jitendra Sawjany
Partner
Membership no. 050980

Place : Mumbai
Date :22nd May,2019

For Vanco SP Zoo

Andrew Goldie
Director

Place:
Date : 21st May,2019

Vanco SP Zoo
Statement of Profit & Loss Account for the year ended 31 March 2019

Particulars	Note	For the Year Ended March 31, 2019	For the Year Ended March 31, 2018
INCOME			
Revenue from Operations	2.10	4,46,40,667	2,13,50,300
Other Income	2.11	11,23,970	8,25,609
Total Income		4,57,64,637	2,21,75,909
Expenses:			
Network Operating Expenses	2.12	4,24,54,464	1,67,20,936
Other Expenses	2.13	26,82,327	29,76,691
Total Expenses		4,51,36,791	1,96,97,628
Profit/(Loss) before tax		6,27,846	24,78,281
Tax expense:			
(1) Current tax	2.14	(1,36,965)	6,11,724
(2) Deferred tax		-	-
Profit/(Loss) for the period		7,64,811	18,66,557
Other comprehensive income			
<i>Items that may be subsequently reclassified to statement of profit or loss</i>			
Currency translation		(3,15,529)	1,88,575
Total other comprehensive income for the year		(3,15,529)	1,88,575
Total comprehensive income for the year		4,49,282	20,55,132
Earnings per equity share:	2.16		
(1) Basic		382.41	933.28
(2) Diluted		382.41	933.28

For Shridhar & Associates

Chartered Accountant

Firm Registration. No 134427W

Jitendra Sawjany

Partner

Membership no. 050980

Place : Mumbai

Date :22nd May,2019

For Vanco SP Zoo
Andrew Goldie

Director

Place:

Date : 21st May,2019

Vanco SP Zoo
Statement of Cash flows for the year ended March 31, 2019

Particulars	(Amount in ₹)	
	For the year ended March 31, 2019	For the year ended March 31, 2018
A) CASH FLOW FROM OPERATING ACTIVITIES		
Profit before Tax	6,27,846	18,66,557
Adjustments for:		
Foreign Currency Translation and exchange movement (net)	(8,55,823)	2,80,756
	(2,27,977)	21,47,312
Adjustments for:		
(Decrease)/ Increase in Trade Payables	16,94,367	7,65,718
(Decrease)/ Increase in Other Financial Liabilities	1,41,93,463	26,81,326
(Increase)/ Decrease in Other Financial Assets	61,33,354	(12,93,670)
Decrease/(Increase) in Income Tax Assets	2,84,207	1,87,370
Decrease/(Increase) in Other Current Assets	(2,20,91,629)	(47,32,775)
Cash Generated from Operations	(14,215)	(2,44,721)
Taxes paid (net of refunds)	(1,36,965)	(2,44,721)
Net cash (used in)/generated from operating activities (A)	1,22,750	-
B) CASH FLOW FROM INVESTING ACTIVITIES		
Net Cash used in Investing Activities (B)	-	-
C) CASH FLOW FROM FINANCING ACTIVITIES		
Net Cash Used In Financing Activities (C)	-	-
Net (Decrease) /Increase in Cash and Cash Equivalents	1,22,750	-
Opening Balance of Cash and Cash Equivalents	-	-
Closing Balance of Cash and Cash Equivalents	1,22,750	-

As per our report of even date attached

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

Jitendra Sawjany
Partner
Membership no. 050980

Place : Mumbai
Date :22nd May,2019

For Vanco SP Zoo

Andrew Goldie
Director

Place:
Date :21st May,2019

Vanco SP Zoo
Statement of Changes in equity for the year ended March 31,2019

(Amount in ₹)

Particulars	Equity	Other Equity			Equity attributable to Shareholders
	Share Capital	Reserves and Surplus Retained Earnings	Other Comprehensive Income Foreign Exchange Translation Reserve*	Total Other Equity	
Balance as at March 31, 2017	18,29,959	26,18,326	1,51,089	27,69,415	45,99,374
Net Profit for the year		18,66,557		18,66,557	18,66,557
Currency translation	92,181		1,88,575	1,88,575	2,80,756
Balance as at March 31, 2018	19,22,140	44,84,883	3,39,664	48,24,547	67,46,687
Net Profit for the year		7,64,811		7,64,811	7,64,811
Currency translation	(1,12,769)		(3,15,529)	(3,15,529)	(4,28,298)
Balance as at March 31, 2019	18,09,371	52,49,694	24,135	52,73,829	70,83,200

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

As per our report of even date attached

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

Jiterndra Sawjany
Partner
Membership no. 050980

Place : Mumbai
Date :22nd May,2019

Andrew Goldie
Director

Place:
Date : 21st May,2019

Vanco Sp Zoo

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

1.01 GENERAL INFORMATION

Vanco Sp Zoo is a virtual Network operator. The Company provides enterprise clients with managed network solutions including the design, integration, implementation, security and management of global corporate 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 principals (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 realisation 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 liability to 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.

Vanco Sp Zoo

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

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 Translation

Initially, these financial statements are presented in Indian Rupee. Functional currency of the Company is PLN.

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.

c) Financial Instruments

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

(i) 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').

Vanco Sp Zoo

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

(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 recognized as an impairment gain or loss in statement of profit or loss.

(ii) 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 amortized cost.

(II) Initial recognition and measurement

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

(III) Subsequent measurement

Financial liabilities are subsequently measured at amortized cost using the effective interest rate method.

Vanco Sp Zoo

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

Financial liabilities carried at fair value through profit or loss are measured at fair value with all changes in fair value recognized in the statement of profit and loss.

(IV) Derecognition of financial liabilities

A financial liability is derecognized 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 recognized in the Statement of profit and loss.

d) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the standalone balance sheet if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

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.

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 recognized when there is a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle

Vanco Sp Zoo

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

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 recognised for all the temporary differences, subject to the consideration of prudence in respect of deferred tax assets. Deferred tax assets are recognized 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 realized. However, where there is unabsorbed depreciation or carry forward loss, the deferred tax asset is recognized and carried forward only to the extent that it is probable that the assets will be realized 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 unrecognized 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 recognized 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

Vanco Sp Zoo

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

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.

Managed Network Solution Services

A network contract typically covers the design, supply and installation of the network and thereafter the provision of packaged network solutions. Revenue relating to the initial part of the contract is determined by the value of the component elements represented by the equipment installed and time expended on this element of the Contract. The remainder of the contract value covering provisions of packaged network solutions is recognised evenly over the period of contract.

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.

Unbilled Revenue

Where the Services are performed prior to billing, an accrued income is recognized in unbilled revenue

k) 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 the consolidated financial statements and the reported amount of revenues and expenses during the reporting period.

Difference between the actual results and estimates are recognised in the period in which the results are known / materialized.

l) 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

Vanco Sp Zoo

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

- the weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

Vanco SP Zoo**Notes on accounts to the Balance Sheet and Statement of Profit and Loss for the Year Ended March 31, 2019**

Particulars	As at March 31, 2019	(Amount in ₹) As at March 31, 2018
NOTE 2.01 Cash & Cash Equivalents		
Balance with Banks	<u>1,22,750</u>	<u>-</u>
Total	<u><u>1,22,750</u></u>	<u><u>-</u></u>
NOTE 2.02 Other Financial Assets		
Group Company Receivables	<u>75,18,255</u>	<u>13,84,901</u>
Total	<u><u>75,18,255</u></u>	<u><u>13,84,901</u></u>
NOTE 2.03 Income Tax Assets (Net)		
Advance Tax and Tax deducted at source	<u>39,487</u>	<u>-</u>
Total	<u><u>39,487</u></u>	<u><u>-</u></u>
NOTE 2.04 Other Current Assets		
Balances with Government Authorities	<u>73,858</u>	<u>2,20,93,633</u>
Prepaid Expenses	<u>12,31,581</u>	<u>13,00,282</u>
Advances to Vendor	<u>49,722</u>	<u>52,875</u>
Claim receivable insurance	<u>-</u>	<u>-</u>
Total	<u><u>13,55,161</u></u>	<u><u>2,34,46,790</u></u>

Vanco SP Zoo

Notes on accounts to the Balance Sheet and Statement of Profit and Loss for the Year Ended March 31, 2019

	As at March 31, 2019	As at March 31, 2018
NOTE 2.05 Equity Share Capital		
Share Capital		
Authorised		
2000 ordinary shares of PLN 50 each (PY 2000 ordinary shares)	<u>18,09,371</u>	<u>19,22,140</u>
	<u>18,09,371</u>	<u>19,22,140</u>
Issued, Subscribed and Paid up:		
2000 ordinary shares of PLN 50 each (PY 2000 ordinary shares) fully paid up	<u>18,09,371</u>	<u>19,22,140</u>
	<u>18,09,371</u>	<u>19,22,140</u>

a) Shares held by Holding Company

	No. of Shares	No. of Shares
Ordinary Shares		
Reliance Vanco Group Limited	1,980	1,980
Vanco UK Limited	20	20
	<u>2,000</u>	<u>2,000</u>

b) Details of shares held by shareholders holding more than 5% of shares in the Company

	As at March 31, 2019		As at March 31, 2018	
Ordinary Shares	% of Holding	No. of Shares	% of Holding	No. of Shares
Reliance Vanco Group Limited	99%	1,980	99%	1,980

c) Terms/ rights attached to equity shares

Ordinary Shares

The Company has Ordinary Shares (shares) having a par value of PLN 50 per share and each holder of Ordinary 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.

d) Reconciliation of share outstanding at the beginning and at the end of the year

	As at March 31, 2019		As at March 31, 2018	
Ordinary Share	No. of Shares	Amount	No. of Shares	Amount
Balance as at the beginning of the year	2,000	18,09,371	2,000	19,22,140
Add: Shares issued during the year	-	-	-	-
Balance as at the end of year	<u>2,000</u>	<u>18,09,371</u>	<u>2,000</u>	<u>19,22,140</u>

NOTE 2.06 Other Equity

Surplus in retained earnings

	As at March 31, 2019	As at March 31, 2018
Opening balance	44,84,883	26,18,326
Add: Profit/(Loss) for the Year	<u>7,64,811</u>	<u>18,66,557</u>
	<u>52,49,694</u>	<u>44,84,883</u>
Foreign Currency Translation Reserve	24,135	3,39,664
Closing Balance	<u>52,73,829</u>	<u>48,24,547</u>

Vanco SP Zoo**Notes on accounts to the Balance Sheet and Statement of Profit and Loss for the Year Ended Mar**

Particulars	As at March 31, 2019	As at March 31, 2018
NOTE 2.07 Trade Payables - Current		
Trade Payables	<u>19,13,865</u>	<u>36,08,233</u>
Total	<u><u>19,13,865</u></u>	<u><u>36,08,233</u></u>
NOTE 2.08 Other Financial Liabilities		
Group Company Payables	<u>38,588</u>	<u>1,42,32,051</u>
Total	<u><u>38,588</u></u>	<u><u>1,42,32,051</u></u>
NOTE 2.09 Other Current liabilities		
Provision For Income Tax	<u>-</u>	<u>2,44,720</u>
Total	<u><u>-</u></u>	<u><u>2,44,720</u></u>

Vanco SP Zoo**Notes on accounts to the Balance Sheet and Statement of Profit and Loss for the Year Ended March 31, 2019**

Particulars	For the Year Ended March 31, 2019	For the Year Ended March 31, 2018
NOTE 2.10 Revenue from Operations		
Enterprise Value Added Services	50,91,353	21,13,197
Transfer Pricing Revenue	3,95,49,314	1,92,37,103
Total	4,46,40,667	2,13,50,300
NOTE 2.11 Other Income		
Gain on Foreign Exchange Fluctuation	-	-
Reversal of Excess Provisions	11,23,970	8,25,609
Total	11,23,970	8,25,609
NOTE 2.12 Network Operating Expenses		
Network Operating Expenses	4,24,54,464	1,67,20,936
Total	4,24,54,464	1,67,20,936
NOTE 2.13 Other Expenses		
Rent	95,226	89,368
Rates and Taxes	1,77,377	-
Legal Fees	-	-
Professional Fees	16,88,681	13,12,132
Foreign Exchange Fluctuation Realised Gain/Loss Net	-	18,985
Foreign Exchange Fluctuation Gain/Loss Net-Interco	6,78,045	15,24,307
Miscellaneous	2,726	31,899
Total	26,82,327	29,76,691
NOTE 2.14 Tax Expenses		
Provision for Income Tax-Earlier Years	-	-
Provision for Income Tax-Current year	(1,36,965)	6,11,724
Total	(1,36,965)	6,11,724

Vanco SP Zoo

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

Note 2.15 Segment Reporting

The Company has determined its business segment as telecommunication network unit taking into account the nature of services provided, class of customers for the services provided, the differing risks and returns and the internal business reporting systems. Since 100% of the business of Company is from telecommunication network unit, there are no other reportable segments.

The segment revenue, segment result, total carrying amount of segment assets, total amount of segment liabilities, total cost incurred during the year to acquire segments assets, segment depreciation and amortization for the year are reflected within the financial statements of the Company as of and for the year ended March 31, 2018.

Substantial network assets are located across geographic territories and therefore not identifiable to any particular geographical segment.

Note 2.16 Earnings per share

		INR except number of shares	
Particulars		Year ended March 31, 2019	Year ended March 31, 2018
A	Profit/(Loss) attributable to Equity Shareholders	7,64,811	18,66,557
B	Weighted average number of share of PLN 50 each used as denominator for calculating Basic and Diluted EPS	2,000	2,000
C	Basic and Diluted Earnings per Share (A/B)	382.41	933.28

Note 2.17

Notes to Foreign Exchange Translation Reserve

The amounts relating to Balance Sheet items appearing in Indian Rupees have been translated at Closing Rate of 1 USD = INR 69.155 (March 31, 2017 1 GBP = INR 92.2775) and items relating to profit and loss have been translated at average rate of 1 USD = INR 69.916 and (March 31, 2017 1 GBP = INR 85.5198). The amounts have been converted in INR to comply with the financial reporting requirement in India.

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

Note 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:

- (a) **Parties where control exist:**
- i) Reliance Communications Limited
 - ii) Reliance Vanco Group Limited
 - iii) Flag Telecom Group Services Limited
- (b) **Enterprises as affiliated companies are:**

- i) Vanco Srl
- ii) Vanco Solutions Inc
- iii) Reliance Vanco Group Limited

(c) Sales of services

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Service Revenue		
Parent company	3,95,49,314	1,92,37,103
Fellow subsidiaries	50,91,353	21,13,197
Total	4,46,40,667	2,13,50,300

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	12,41,359	52,595
Total	12,41,359	52,595

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	25,08,874	-
Fellow subsidiaries	50,09,381	13,84,901
Total	75,18,255	13,84,901

Particulars	As at March 31, 2019	As at March 31, 2018
Due to related parties		
Parent company	-	1,42,32,051
Fellow Subsidiaries	38,588	-
Total	38,588	1,42,32,051

Note 2.19

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

For Shridhar & Associates

Chartered Accountants

Firm Registration No. 134427W

For Vanco Sp Zoo**Jitendra Sawjany**

Partner

Membership No. 050980

Andrew Goldie

Director

Place: Mumbai

Date: 22nd May, 2019

Place:

Date: 21st May, 2019

Independent Auditors' Report

To the Board of Vanco Australia Pty Limited

Report on the Ind AS Financial Statements

Opinion

We have audited the accompanying standalone Ind AS financial statements of **Vanco Australia Pty 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 2.07 & 2.08 of the notes to the financial statements where the company has negative net worth amounting to INR 30,21,86,505 for the year 2019 and INR 21,77,57,045 for the year 2018 (excluding loss on account of FCTR). The financial statements are prepared under going concern assumption since the ultimate parent company(GCX Limited) will continue to support the company in meeting its liabilities as they fall due within the coming 12 months.

The (GCX Limited) 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 Sawjany
Partner
Membership No.050980

Place: Mumbai
Date: 22nd May 2019

Vanco Australasia Pty Limited
Balance Sheet as at March 31, 2019

		(Amount in ₹)	
Particulars	Note No.	As at March 31, 2019	As at March 31, 2018
ASSETS			
Non-Current Assets			
Property, Plant and Equipment	2.01	33,42,578	82,30,045
Current Assets			
Financial Assets			
- Trade Receivables	2.02	1,13,55,452	7,79,26,042
- Cash and Cash Equivalents	2.03	4,90,99,908	1,96,39,790
- Others	2.04	14,26,80,512	4,95,18,875
Income Tax Assets (Net)	2.05	11,82,696	12,19,170
Other Current Assets	2.06	1,11,99,941	8,96,83,026
Total Assets		21,88,61,087	24,62,16,948
EQUITY AND LIABILITIES			
Equity			
Equity Share Capital	2.07	15,21,44,790	15,68,39,914
Other Equity	2.08	(46,54,66,926)	(40,08,27,991)
Total Equity		(31,33,22,136)	(24,39,88,077)
LIABILITIES			
Current Liabilities			
Financial Liabilities			
- Trade Payables	2.09	1,58,23,945	4,24,31,224
- Other Financial Liabilities	2.10	44,62,74,997	38,03,29,837
Other Current Liabilities	2.11	7,00,84,281	6,74,43,964
Total Liabilities		53,21,83,223	49,02,05,025
Total Equity and Liabilities		21,88,61,087	24,62,16,948
General Information	1.01		
Significant Accounting Policies	1.02		
Notes to 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 Accountant
Firm Registration No. 134427W

For Vanco Australasia Pty Limited

Jitendra Sawjany
Partner
Membership no. 050980

Andrew Goldie
Director

Marcus Leonard
Director

Place: Mumbai
Date: 22nd May 2019

Place:
Date: 21st May 2019

Place:
Date: 21st May 2019

Vanco Australasia Pty Limited

Statement of Profit & Loss Account for the year ended 31 March 2019

Particulars	Note No.	(Amount in ₹)	
		For the Year Ended March 31, 2019	For the Year Ended March 31, 2018
INCOME			
Revenue from Operations	2.12	61,36,97,493	51,31,82,771
Other Income	2.13	7,71,432	1,96,21,258
Total Income		61,44,68,925	53,28,04,029
Expenses:			
Network Operating Expenses	2.14	49,31,06,306	33,39,27,415
Employee Benefits Eexpense	2.15	13,86,24,659	14,32,63,278
Finance costs	2.16	47,628	43,957
Depreciation and Amortization Expense	2.17	49,98,214	51,77,033
Other Expenses	2.18	5,74,26,404	10,36,04,020
Total Expenses		69,42,03,211	58,60,15,703
Profit/(Loss) before tax		(7,97,34,286)	(5,32,11,674)
Tax expense:			
(1) Current tax		-	-
(2) Deferred tax		-	-
Profit/(Loss) for the period		(7,97,34,286)	(5,32,11,674)
Other comprehensive income			
Items that may be subsequently reclassified to statement of profit or loss			
Currency translation		1,50,95,351	(71,40,977)
Total other comprehensive income for the year		1,50,95,351	(71,40,977)
Total comprehensive income for the year		(6,46,38,935)	(6,03,52,651)
Earnings per equity share:			
(1) Basic	2.20	(25.72)	(17.17)
(2) Diluted		(25.72)	(17.17)
General Information	1.01		
Significant Accounting Policies	1.02		
Notes to 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 Vanco Australasia Pty Limited

Jitendra Sawjany
Partner
Membership no. 050980

Andrew Goldie
Director

Marcus Leonard
Director

Date: 22nd May 2019

Place:
Date: 21st May 2019

Place:
Date: 21st May 2019

Vanco Australasia Pty Limited
Statement of Cash flows for the year ended March 31, 2019

Particulars	(Amount in ₹)	
	For the year ended March 31, 2019	For the year ended March 31, 2018
A) CASH FLOW FROM OPERATING ACTIVITIES		
Profit before Tax	(7,97,34,286)	(5,32,11,674)
Adjustments for:		
Foreign Currency Translation and exchange movement (net)	1,04,52,472	(44,54,032)
Depreciation and amortisation	49,98,214	51,77,033
	(6,42,83,600)	(5,24,88,673)
Adjustments for:		
(Decrease)/ Increase in Trade Payables	(2,66,07,279)	(2,23,33,941)
(Decrease)/ Increase in Other Financial Liabilities	6,59,45,160	(7,17,58,421)
(Decrease)/ Increase in Other Current Liabilities	26,40,317	3,45,02,368
Decrease/(Increase) in Trade Receivables	6,65,70,590	(57,09,429)
(Increase)/ Decrease in Other Financial Assets	(9,31,61,637)	11,05,09,893
Decrease/(Increase) in Income Tax Assets	36,474	(22,000)
Decrease/(Increase) in Other Current Assets	7,84,83,085	(5,52,25,694)
Cash Generated from Operations	2,96,23,110	(6,25,25,897)
Income Tax (paid) / refund	-	-
Net cash (used in)/generated from operating activities (A)	2,96,23,110	(6,25,25,897)
B) CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment and intangible assets (including capital work-in-progress)	(1,62,992)	(15,23,104)
Net Cash used in Investing Activities (B)	(1,62,992)	(15,23,104)
C) CASH FLOW FROM FINANCING ACTIVITIES		
Net Cash Used In Financing Activities (C)	-	-
Net (Decrease) /Increase in Cash and Cash Equivalents	2,94,60,118	(6,40,49,001)
Opening Balance of Cash and Cash Equivalents	1,96,39,790	8,36,88,791
Closing Balance of Cash and Cash Equivalents	4,90,99,908	1,96,39,790

As per our report of even date attached

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

Jitendra Sawjany
Partner
Membership no. 050980

Place : Mumbai
Date:22nd May 2019

For Vanco Australasia Pty Limited

Andrew Goldie
Director

Marcus Leonard
Director

Place:
Date:21st May 2019

Place:
Date:21st May 2019

Vanco Australasia Pty Limited
Statement of changes in equity for the year ended March 31, 2019

(Amount in ₹)

(Amount in ₹)					
Particulars	Equity	Other Equity			Equity attributable to shareholders
	Share Capital	Reserves and Surplus	Other Comprehensive Income	Total Other Equity	
		Retained Earnings	Foreign Exchange Translation Reserve*		
Balance as at March 31, 2017	15,40,05,373	(32,13,85,285)	(1,90,90,055)	(34,04,75,340)	(18,64,69,967)
Net Profit for the year		(5,32,11,674)		(5,32,11,674)	(5,32,11,674)
Currency translation			(71,40,977)	(71,40,977)	(71,40,977)
Foreign Exchange Movement	28,34,541				28,34,541
Balance as at March 31, 2018	15,68,39,914	(37,45,96,959)	(2,62,31,032)	(40,08,27,991)	(24,39,88,077)
Net Profit for the year		(7,97,34,286)	-	(7,97,34,286)	(7,97,34,286)
Currency translation		-	1,50,95,351	1,50,95,351	1,50,95,351
Foreign Exchange Movement	(46,95,124)				(46,95,124)
Balance as at March 31, 2019	15,21,44,790	(45,43,31,245)	(1,11,35,681)	(46,54,66,926)	(31,33,22,136)

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

As per our report of even date attached

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

For Vanco Australasia Pty Limited

Jiterndra Sawjany
Partner
Membership no. 050980

Andrew Goldie
Director

Marcus Leonard
Director

Place : Mumbai
Date:22nd May 2019

Place:
Date:21st May 2019

Place:
Date:21st May 2019

Vanco Australasia Pty Limited

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

1.01 GENERAL INFORMATION

Vanco Australasia Pty Ltd is a virtual Network operator. The Company provides enterprise clients with managed network solutions including the design, integration, implementation, security and management of global corporate 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 principals (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 realisation 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.

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

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 liability to 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 Translation

(i) Functional Currency and Presentation Currency

Initially, these financial statements are presented in Indian Rupee. Functional currency of the Company is AUD.

(ii) Transactions and Balances

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.

Vanco Australasia Pty Limited

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

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.

c) Financial Instruments

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

(i) 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

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

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.

(ii) 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.

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

(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 of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the standalone balance sheet if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

e) 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.

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

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 3 to 20 years
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.

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.

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

h) Share Capital

Ordinary Common Shares are classified as equity.

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 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 recognised 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

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

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.

A network contract typically covers the design, supply and installation of the network and thereafter the provision of Packaged Network Solutions. Turnover relating to the initial part of the contract is recognized over the contract implementation period. The remainder of the contract value is recognized evenly over the period of the contract.

To the extent that the recognition differs from the contractual billing terms, either turnover is accrued or amounts billed in advance are treated as deferred income.

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

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) Unbilled Revenue

Where the Services are performed prior to billing, an accrued income is recognized in unbilled revenue.

o) Employee Benefits

Eligible employees of the Company are covered by defined contribution pension plan/provident fund scheme. Contribution to the plan/fund is made to the insurance companies/local 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.

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 the consolidated financial statements and the reported amount of revenues and expenses during the reporting period.

Difference between the actual results and estimates are recognised in the period 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.

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

(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.

NOTE 2.01 Property, Plant and Equipment

(Amount in ₹)

Particulars	Leasehold Improvement	Computer Equipments	Furniture & Fixtures	Networking Equipments	Total
Gross carrying value					
As at April 1, 2018	1,64,80,485	86,11,705	29,71,151	1,44,43,920	4,25,07,261
Additions		1,62,992			1,62,992
Exchange differences	(4,93,343)	(2,57,769)	(88,958)	(4,32,398)	(12,72,468)
As at March 31, 2019	1,59,87,142	85,16,928	28,82,193	1,40,11,522	4,13,97,785
Accumulated depreciation					
As at April 1, 2018	1,64,80,485	86,10,137	29,71,151	62,15,443	3,42,77,216
Depreciation for the year	-	60,593	-	49,37,621	49,98,214
Exchange differences	(4,93,343)	(2,60,128)	(88,958)	(3,77,794)	(12,20,223)
As at March 31, 2019	1,59,87,142	84,10,602	28,82,193	1,07,75,270	3,80,55,207
Closing net carrying value as at March 31, 2019	-	1,06,326	-	32,36,252	33,42,578
Gross carrying value as at March 31, 2019	1,59,87,142	85,16,928	28,82,193	1,40,11,522	4,13,97,785
Accumulated depreciation	1,59,87,142	84,10,602	28,82,193	1,07,75,270	3,80,55,207
Closing net carrying value as at March 31, 2019	-	1,06,326	-	32,36,252	33,42,578
Particulars	Leasehold Improvement	Computer Equipments	Furniture & Fixtures	Networking Equipments	Total
Gross carrying value					
As at April 1, 2017	1,61,82,656	84,56,058	29,17,485	1,26,70,942	4,02,27,141
Additions				15,23,104	15,23,104
Exchange differences	2,97,829	1,55,647	53,666	2,49,874	7,57,016
As at March 31, 2018	1,64,80,485	86,11,705	29,71,151	1,44,43,920	4,25,07,261
Accumulated depreciation					
As at April 1, 2017	1,61,82,656	84,22,238	29,17,485	9,68,384	2,84,90,763
Depreciation for the year		32,327		51,44,706	51,77,033
Exchange differences	2,97,829	1,55,572	53,666	1,02,353	6,09,420
As at March 31, 2018	1,64,80,485	86,10,137	29,71,151	62,15,443	3,42,77,216
Closing net carrying value as at March 31, 2018		1,568	-	82,28,477	82,30,045
Gross carrying value as at March 31, 2018	1,64,80,485	86,11,705	29,71,151	1,44,43,920	4,25,07,261
Accumulated depreciation	1,64,80,485	86,10,137	29,71,151	62,15,443	3,42,77,216
Closing net carrying value as at March 31, 2018	-	1,568	-	82,28,477	82,30,045

Vanco Australasia Pty Limited
Notes on accounts to the Balance Sheet and Statement of Profit and Loss for the Year Ended March 31, 2019

(Amount in ₹)

Particulars	As at March 31, 2019	As at March 31, 2018
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NOTE 2.02 Trade Receivables

Unsecured		
Considered Good	1,13,55,452	7,79,26,042
Considered Doubtful	-	10,24,188
	<u>1,13,55,452</u>	<u>7,89,50,230</u>
Less: Provision for Doubtful Debts	-	6,19,274
Less: Provision for Credit Note	-	4,04,914
Total	<u><u>1,13,55,452</u></u>	<u><u>7,79,26,042</u></u>

NOTE 2.03 Cash and Cash Equivalents

Cash on hand	2,260	2,307
Balance with Banks	<u>4,90,97,648</u>	<u>1,96,37,483</u>
Total	<u><u>4,90,99,908</u></u>	<u><u>1,96,39,790</u></u>

NOTE 2.04 Other Financial Assets

Group Company Receivables	13,63,98,419	3,95,56,873
Deposits-Office Building	<u>62,82,093</u>	<u>99,62,002</u>
Total	<u><u>14,26,80,512</u></u>	<u><u>4,95,18,875</u></u>

NOTE 2.05 Income Tax Assets (Net)

Advance Tax and Tax deducted at source	<u>11,82,696</u>	<u>12,19,170</u>
Total	<u><u>11,82,696</u></u>	<u><u>12,19,170</u></u>

NOTE 2.06 Other Current Assets

Balances with Government Authorities	11,99,422	-
Prepaid Expenses	<u>98,42,929</u>	<u>78,93,510</u>
Advances to Vendor	1,57,590	8,10,07,741
Unbilled Debtors	-	7,81,775
Total	<u><u>1,11,99,941</u></u>	<u><u>8,96,83,026</u></u>

Vanco Australasia Pty Limited
Notes on accounts to the Balance Sheet and Statement of Profit and Loss for the Year Ended March 31, 2019

Particulars	(Amount in ₹)	
	As at March 31, 2019	As at March 31, 2018
NOTE 2.07 Equity Share Capital		
Share Capital		
Authorised		
3,100,000 (3,100,000) Ordinary Shares of AUD \$ 1 each	<u>15,21,44,790</u>	<u>15,68,39,914</u>
	<u>15,21,44,790</u>	<u>15,68,39,914</u>
Issued, Subscribed and Paid up:		
3,100,000 (3,100,000) Ordinary Shares of AUD \$ 1 each fully Paid up	<u>15,21,44,790</u>	<u>15,68,39,914</u>
	<u>15,21,44,790</u>	<u>15,68,39,914</u>

a) Shares held by Holding Company

	No. of Shares	No. of Shares
Ordinary Shares		
Held by Reliance Vanco Group limited	<u>31,00,000</u>	<u>31,00,000</u>
	<u>31,00,000</u>	<u>31,00,000</u>

b) Details of shares held by shareholders holding more than 5% of shares in the Company

	As at March 31, 2019		As at March 31, 2018	
Ordinary Shares	% of Holding	No. of Shares	% of Holding	No. of Shares
Held by Reliance Vanco Group limited	100%	31,00,000	100%	31,00,000

c) Terms/ rights attached to equity shares
Ordinary Shares

The Company has Ordinary Shares (shares) having a par value of AUD \$ 1 per share and each holder of Ordinary 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.

Global cloudXChange Limited (a ultimate holding company) had issued 7 % senior secured noted of USD 350 Millions. These Notes are guaranteed by Reliance Vanco Group limited and its material subsidiaries and secured by way of a pledge of Ordinary shares.

d) Reconciliation of share outstanding at the beginning and at the end of the year

	As at March 31, 2019		As at March 31, 2018	
Ordinary Share	No. of Shares	Amount	No. of Shares	Amount
Balance as at the beginning of the year	31,00,000	15,21,44,790	31,00,000	15,68,39,914
Add: Shares issued during the year	-	-	-	-
Balance as at the end of year	<u>31,00,000</u>	<u>15,21,44,790</u>	<u>31,00,000</u>	<u>15,68,39,914</u>

NOTE 2.08 Other Equity
Surplus in retained earnings

	As at March 31, 2019	As at March 31, 2018
Opening balance	(40,08,27,991)	(34,04,75,340)
Add: Profit/(Loss) for the Year	<u>(7,97,34,286)</u>	<u>(5,32,11,674)</u>
	<u>(48,05,62,277)</u>	<u>(39,36,87,014)</u>
Foreign Currency Translation Reserve	1,50,95,351	(71,40,977)
Closing Balance	<u>(46,54,66,926)</u>	<u>(40,08,27,991)</u>

Vanco Australasia Pty Limited

Notes on accounts to the Balance Sheet and Statement of Profit and Loss for the Year Ended March 31, 2019

(Amount in ₹)

Particulars	As at March 31, 2019	As at March 31, 2018
NOTE 2.09 Trade Payables - Current		
Trade Payables	80,17,394	1,00,05,556
Trade Accruals	78,06,551	3,24,25,668
Total	1,58,23,945	4,24,31,224
NOTE 2.10 Other Financial Liabilities		
Employee Benefits Payable	1,01,48,707	84,29,827
Group Company Payables	43,61,26,290	37,19,00,010
Total	44,62,74,997	38,03,29,837
NOTE 2.11 Other Current liabilities		
Unearned Income	6,69,96,035	6,13,83,362
Statutory dues Payable	30,88,246	60,60,602
Other	-	-
Total	7,00,84,281	6,74,43,964

Vanco Australasia Pty Limited
Notes on accounts to the Balance Sheet and Statement of Profit and Loss for the Year Ended March 31, 2019

(Amount in ₹)

Particulars	For the Year Ended March 31, 2019	For the Year Ended March 31, 2018
NOTE 2.12 Revenue from Operations		
Enterprise Value Added Services	61,36,97,493	51,31,82,771
Total	61,36,97,493	51,31,82,771
NOTE 2.13 Other Income		
Reversal of Provision for Doubtful Debts	6,25,053	6,97,415
Interest Income	1,46,379	2,35,607
Gain on Foreign Exchange Fluctuation	-	-
Reversal of Excess Provisions	-	1,86,88,236
Miscellaneous Income	-	-
Total	7,71,432	1,96,21,258
NOTE 2.14 Network Operating Expenses		
Network Operating Expenses	49,31,06,306	33,39,27,415
Total	49,31,06,306	33,39,27,415
NOTE 2.15 Employee Benefits Expense		
Salaries, Wages and Bonus	12,70,62,751	13,22,40,190
Contribution to Provident, Gratuity and Superannuation Fund	1,03,51,708	1,01,94,742
Employee Welfare and Other Amenities	12,10,200	8,28,346
Total	13,86,24,659	14,32,63,278
NOTE 2.16 Finance Cost		
Interest and Financial Charges	47,628	43,957
Total	47,628	43,957
NOTE 2.17 Depreciation & Amortization		
Depreciation & Amortization	49,98,214	51,77,033
Total	49,98,214	51,77,033
NOTE 2.18 Other Expenses		
Rent	66,19,323	53,08,819
Insurance	-	-
Rates and Taxes	16,918	2,64,684
Legal Fees	2,55,336	1,86,690
Professional Fees	21,32,148	33,24,757
Travel and Entertainment	56,07,453	52,14,917
Communication	17,23,630	15,59,626
Bank Charges	25,68,434	7,75,837
Bad Debts Written Off	-	-
Information Technology Support	1,89,686	2,09,352
Provision for Doubtful Debts	-	-
Sales and Marketing Expenses	20,52,523	4,55,223
Management Cost Group Recharge	4,21,52,520	2,85,21,485
Repairing & Maintances Building	-	-
Repairing & Maintances Others	-	8,980
Contracted Services	-	-
Facility Usage charges	8,20,531	24,73,748
Parking charges	4,53,388	5,54,768
Foreign Exchange Fluctuation Realised Gain/Loss Net	1,77,733	1,01,29,318
Foreign Exchange Fluctuation Unrealised Gain/Loss Net	4,05,90,623	(14,81,804)
Foreign Exchange Fluctuation Gain/Loss Net-Interco	(4,81,93,683)	4,58,37,554
Foreign Exchange Fluctuation Loss WITH FTGSL	-	-
Miscellaneous	2,59,841	2,60,066
Total	5,74,26,404	10,36,04,020

Vanco Australasia Pty Limited

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

Note 2.19

Segment Reporting

The Company has determined its business segment as telecommunication network unit taking into account the nature of services provided, class of customers for the services provided, the differing risks and returns and the internal business reporting systems. Since 100% of the business of Company is from telecommunication network unit, there are no other reportable segments.

The segment revenue, segment result, total carrying amount of segment assets, total amount of segment liabilities, total cost incurred during the year to acquire segments assets, segment depreciation and amortization for the year are reflected within the financial statements of the Company as of and for the year ended March 31, 2019.

Substantial network assets are located across geographic territories and therefore not identifiable to any particular geographical segment.

Note 2.20

Earnings per Share

		INR except number of shares	
Particulars		Year ended March 31, 2019	Year ended March 31, 2018
A	Profit/(Loss) attributable to Equity Shareholders	(7,97,34,286)	(5,32,11,674)
B	Weighted average number of share of AUD 1 each used as denominator for calculating Basic and Diluted EPS	31,00,000	31,00,000
C	Basic and Diluted Earnings per Share (A/B)	(25.72)	(17.17)

Note 2.21

Notes to Foreign Exchange Translation Reserve

The amounts relating to Balance Sheet items appearing in Indian Rupees have been translated at Closing Rate of 1 USD = INR 69.155 (March 31, 2018 1 GBP=92.2775) and items relating to profit and loss have been translated at average rate of 1 USD = INR 69.916 (March 31, 2018 1 GBP = INR 85.5198).

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

Vanco Australasia Pty Limited**Notes on accounts to the Balance Sheet and Statement of Profit and Loss for the Year Ended March 31, 2019****Note 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 basis:

(a) Parties where control exist:

- i) Reliance Communications Limited
- ii) Reliance Vanco Group Limited
- iii) Flag Telecom Group Services Limited
- iv) Global CloudXChange limited

(b) Enterprises as affiliated companies are:

- i) Vanco ROW Limited
- ii) Vanco UK Limited
- iii) Vanco Global Limited
- iv) Vanco Deutschland GMBH
- v) Euronet Spain SA
- vi) Vanco Srl
- vii) Vanco GmbH
- viii) Vanco BV
- ix) Vanco US LLC
- x) Vanco Solutions Inc
- xi) Vanco Sweden AB
- xii) Vanco (Asia Pacific) Pte. Limited
- xiii) Vanco NV
- xiv) Vanco Japan KK
- xv) VNO Direct Limited

(c) Sales of services

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Service Revenue		
Fellow subsidiaries	1,90,05,164	18,01,17,823
Total	1,90,05,164	18,01,17,823

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	1,03,51,708	1,27,51,274
Fellow subsidiaries	1,379	9,52,48,900
Total	1,03,53,087	10,80,00,174

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	13,63,98,419	3,95,56,873
Total	13,63,98,419	3,95,56,873

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
Due to related parties		
Parent company	38,16,47,773	35,23,89,210
Fellow subsidiaries	5,44,78,517	1,95,10,800
Total	43,61,26,290	37,19,00,010

Vanco Australasia Pty Limited

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

Note 2.23

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

For Shridhar & Associates

Chartered Accountants

Firm Registration No. 134427W

For Vanco Australasia Pty Limited

Jitendra Sawjany

Partner

Membership No. 050980

Andrew Goldie

Director

Marcus Leonard

Director

Place : Mumbai

Date : 22nd May 2019

Place :

Date : 21st May 2019

Place :

Date : 21st May 2019

Independent Auditors' Report

To the Board of Vanco NV

Report on the Ind AS Financial Statements

Opinion

We have audited the accompanying standalone Ind AS financial statements of **Vanco NV** ("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 and 2.06 of the notes to the financial statements where the company has negative net worth amounting to INR 52,25,55,575 for the year 2019 and INR 50,10,02,035 for the year 2018 (excluding loss on account of FCTR). The financial statements are prepared under going concern assumption since the ultimate parent company (GCX Limited) will continue to support the company in meeting its liabilities as they fall due within the coming 12 months.

The (GCX Limited) 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 Sawjany
Partner
Membership No.050980

Place: Mumbai
Date: 22nd May 2019

Vanco NV
Balance Sheet as at March 31, 2019

		(Amount in ₹)	
Particulars	Note No.	As at March 31, 2019	As at March 31, 2018
ASSETS			
Current Assets			
(a) Financial Assets			
(i) Trade receivables	2.01	13,69,366	22,69,252
(ii) Cash and cash equivalents	2.02	3,28,081	20,79,291
(iii) Other Financial Assets	2.03	7,56,81,912	3,64,80,704
(b) Other Current assets	2.04	-	4,51,21,895
Total Assets		7,73,79,359	8,59,51,142
EQUITY AND LIABILITIES			
EQUITY			
(a) Equity Share Capital	2.05	4,36,21,789	4,54,62,680
(b) Other Equity	2.06	(60,18,42,431)	(60,75,52,754)
Total Equity		(55,82,20,642)	(56,20,90,074)
LIABILITIES			
Current liabilities			
(a) Financial Liabilities			
(i) Trade Payables	2.07	81,40,789	6,36,33,935
(ii) Other financial liabilities	2.08	62,29,98,975	58,16,84,195
(b) Other current liabilities	2.09	44,60,237	27,23,086
Total current liabilities		63,56,00,001	64,80,41,216
Total Equity and Liabilities		7,73,79,359	8,59,51,142
General Information			
Significant Accounting Policies	1.01		
Notes to financial statements	1.02		
	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 Vanco NV

Jitendra Sawjany
Partner
Membership No. 050980

Andrew Goldie **Chris Van Zinnicq Bergmann**
Director Director

Place : Mumbai
Date : 22nd May 2019

Place : Place:
Date : 21st May, 2019 Date : 21st May, 2019

Vanco NV
Statement of Profit & Loss For the year Ended March 31, 2019

		(Amount in ₹)	
Particulars	Note No.	For the Year Ended March 31, 2019	For the Year Ended March 31, 2018
Revenue:			
Revenue from Operations	2.10	12,80,01,809	13,10,29,683
Other Income	2.11	2,24,637	1,66,37,355
Total Revenue		12,82,26,446	14,76,67,038
Expenses:			
Network Operating Expenses	2.12	11,78,54,260	10,50,64,366
Employee Benefits Eexpense	2.13	1,27,28,650	62,61,126
Other expenses	2.14	1,73,56,185	3,94,75,098
Total Expenses		14,79,39,095	15,08,00,590
Profit (Loss) before tax		(1,97,12,649)	(31,33,552)
Tax expense:			
(1) Current tax		-	-
(2) Deferred tax		-	-
Profit (Loss) for the year		(1,97,12,649)	(31,33,552)
Other comprehensive income			
(Items that may be subsequently reclassified to statement of profit or loss)			
Currency Translation		2,54,22,972	(8,71,00,642)
Total comprehensive Income for the year		57,10,323	(9,02,34,194)
Earnings per equity share:			
(1) Basic	2.16	(35.11)	(5.58)
(2) Diluted	2.16	(35.11)	(5.58)
General Information	1.01		
Significant Accounting Policies	1.02		
Notes to 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 Vanco NV

Jitendra Sawjany
Partner
Membership No. 050980

Andrew Goldie
Director

Chris Van Zinnicq Bergmann
Director

Place : Mumbai
Date : 22nd May 2019

Place : Place :
Date : 21st May,2019 Date : 21st May,2019

Vanco NV
Statement of Cash Flow for the year ended March 31 , 2019

(Amount in ₹)

Particulars	For the period ended 31 March, 2019	For the period ended 31 March, 2018
A CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before tax as per Profit and Loss Account	(1,97,12,649)	(31,33,552)
Adjusted for:		
Provision/ Liabilities to the extent no longer required	(2,24,637)	-
Unrealised Forex (Gains) / Losses	1,19,61,414	(1,66,32,561)
Foreign Currency Translation and exchange movement (net)	2,35,82,081	(8,05,64,058)
Finance Charges	-	-
	3,53,18,858	(9,71,96,619)
Operating Profit before Working Capital Changes	1,56,06,209	(10,03,30,171)
Adjusted for:		
(Increase)/ Decrease in trade receivables	11,24,523	3,71,818
(Increase)/ Decrease in other current assets	4,51,21,895	(1,92,74,850)
(Decrease)/ Increase in trade payables	(5,54,93,146)	4,04,68,610
(Decrease)/ Increase in other current liabilities	17,37,151	2,75,403
	(75,09,577)	2,18,40,981
Cash Generated from Operations	80,96,632	(7,84,89,190)
Net Cash from Operating Activities	80,96,632	(7,84,89,190)
B CASH FLOW FROM INVESTING ACTIVITIES		
Net Cash Used in Investing Activities	-	-
C CASH FLOW FROM FINANCING ACTIVITIES		
Financial Charges	-	-
(Increase)/ Decrease in other financial assets	(5,11,62,622)	7,71,65,433
(Decrease)/ Increase in other financial liabilities	41,31,47,80	30,12,180
Net Cash from Financing Activities	(98,47,842)	8,01,77,613
Net Increase/ (Decrease) in Cash and Cash Equivalents	(17,51,210)	16,88,423
Opening Balance of Cash and Cash Equivalents	20,79,291	3,90,868
Closing Balance of Cash and Cash Equivalents	3,28,081	20,79,291

As per our report of even date attached

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

For Vanco NV

Jitendra Sawjany
Partner
Membership No. 050980

Andrew Goldie
Director

Chris Van Zinnicq Bergmann
Director

Place : Mumbai
Date : 22nd May 2019

Place :
Date : 21st May,2019

Place :
Date : 21st May,2019

Vanco NV
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		
		Retained Earnings	Foreign Exchange Translation Reserve*		
Balance at April 01, 2017	3,89,26,096	(54,33,31,163)	2,60,12,603	(51,73,18,560)	(47,83,92,464)
Change in equity share capital during the year	-	-	-	-	-
Surplus/ (Deficit) of Statement of Profit and Loss	-	(31,33,552)	-	(31,33,552)	(31,33,552)
Foreign Exchange Movement	65,36,584	-	-	-	65,36,584
Currency Translation	-	-	(8,71,00,642)	(8,71,00,642)	(8,71,00,642)
Balance at March 31, 2018	4,54,62,680	(54,64,64,715)	(6,10,88,039)	(60,75,52,754)	(56,20,90,074)
Change in equity share capital during the year	-	-	-	-	-
Surplus/ (Deficit) of Statement of Profit and Loss	-	(1,97,12,649)	-	(1,97,12,649)	(1,97,12,649)
Other Comprehensive Income	-	-	-	-	-
Transfer to Statement of Profit and Loss	-	-	-	-	-
Foreign Exchange Movement	(18,40,891)	-	-	-	(18,40,891)
Currency Translation	-	-	2,54,22,972	2,54,22,972	2,54,22,972
Balance at March 31, 2019	4,36,21,789	(56,61,77,364)	(3,56,65,067)	(60,18,42,431)	(55,82,20,642)

*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 Sawjany

Partner

Membership No. 050980

Place : Mumbai

Date : 22nd May 2019

For Vanco NV

Andrew Goldie

Director

Place :

Date : 21st May,2019

Chris Van Zinnicq Bergmann

Director

Place :

Date : 21st May,2019

Vanco NV

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

1.01 GENERAL INFORMATION

Vanco NV is a virtual Network operator. The Company provides enterprise clients with managed network solutions including the design, integration, implementation, security and management of global corporate networks. The Company provides IT Outsourcers enabling the sub-contract of the above service package as part of a wider IT outsourcing solution.

Vanco NV is asset-light, instead purchasing infrastructure from the hundreds of carriers globally, the company get the best prices for clients, design a solution using the most appropriate technology to meet customers' global requirements, and is 100% focused on delivering the highest quality customer service.

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 principals (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 realisation 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

Vanco NV

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

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 liability to 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 Translation

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.

Vanco NV

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

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.

Functional Currency and Presentation Currency

Initially, these financial statements are presented in Indian Rupee. Functional currency of the Company is Euro.

c) Financial Instruments

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

(a) 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

Vanco NV

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

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) 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.

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.

Vanco NV

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

f) Share Capital

Ordinary Common Shares are classified as equity.

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 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) 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

Vanco NV

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

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.

A network contract typically covers the design, supply and installation of the network and thereafter the provision of Packaged Network Solutions. Turnover relating to the initial part of the contract is recognized over the contract implementation period. The remainder of the contract value is recognized evenly over the period of the contract.

To the extent that the recognition differs from the contractual billing terms, either turnover is accrued or amounts billed in advance are treated as deferred income.

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

j) Employee Benefits

Eligible employees of the Company are covered by defined contribution pension plan/provident fund scheme. Contribution to the plan/fund is made to the insurance companies/local 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.

k) 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 the consolidated financial

Vanco NV

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

statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognised in the period in which the results are known / materialized.

I) 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.

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

Particulars	(Amount in ₹)	
	As at March 31, 2019	As at March 31, 2018
NOTE # 2.01 Trade Receivables (Unsecured)		
Considered Good	13,69,366	22,69,252
Considered Doubtful	-	-
Total	13,69,366	22,69,252
Less: Provision for Doubtful Debts	-	-
Total	13,69,366	22,69,252
NOTE # 2.02 Cash and Cash Equivalents		
Balances with Bank	3,28,081	20,79,291
Total	3,28,081	20,79,291
NOTE # 2.03 Others Current Financial Assets		
Unsecured, Considered good		
Due from Related Parties	7,56,81,912	3,64,80,704
Considered doubtful	-	-
	7,56,81,912	3,64,80,704
Less: Provision for doubtful advances	-	-
Total	7,56,81,912	3,64,80,704
NOTE # 2.04 Other Current Assets		
a) Advances and Receivables		
Considered good	-	-
Considered doubtful	-	-
Less: Provision for doubtful advances	-	-
	-	-
b) Others		
Deposits	-	18,541
Balances with Government Authorities	-	4,51,03,354
Prepaid Expenses	-	-
Advances to Vendor	-	-
Others Loan & Advances	-	-
Total	-	4,51,21,895

(Amount in ₹)

As at
March 31, 2018

As at
March 31, 2019

NOTE # 2.05 Equity Share Capital

Share Capital

Authorised

561,499 Ordinary shares @ Euro 1 per share & 1 Ordinary A Share @ Euro 1 per Share

4,36,21,789

4,54,62,680

4,36,21,789

4,54,62,680

Issued, Subscribed and Paid up:

561,499 Ordinary shares @ Euro 1 per share & 1 Ordinary A Share @ Euro 1 per Share

4,36,21,789

4,54,62,680

4,36,21,789

4,54,62,680

a) Shares held by Holding Company and Subsidiary of Holding Company

No. of Shares

No. of Shares

Ordinary Shares

Held by Reliance Vanco Group Limited

5,61,499

5,61,499

Ordinary A Shares

Held by Vanco UK Ltd

1

1

5,61,500

5,61,500

b) Details of shares held by shareholders holding more than 5% of the aggregate shares in the Company

% of Holding

No. of Shares

% of Holding

No. of Shares

Ordinary Shares

Held by Reliance Vanco Group Limited

100%

5,61,499

100%

5,61,499

Ordinary A Shares

Held by Vanco UK Limited

0%

1

0%

1

c) Rights, Preferences and Restriction attached to the shares

The Company has Ordinary Shares (shares) having a par value of Euro 1 per share and each holder of Ordinary 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.

d) Reconciliation of Ordinary share outstanding at the beginning and at the end of March 31, 2019

	No. of Shares	Amount	No. of Shares	Amount
Ordinary Shares				
Balance as at the beginning of the year	5,61,499	4,36,21,711	5,61,499	4,54,62,598.91
Add: Shares issued during the year	-	-	-	-
Balance at the end of Period	5,61,499	4,36,21,711	5,61,499	4,54,62,599
Ordinary A Share				
Balance as at the beginning of the year	1	78	1	80.97
Add: Shares issued during the year	-	-	-	-
Balance at the end of Period	1	78	1	81

NOTE # 2.06 Other Equity

Foreign Exchange Translation Reserve

As at
March 31, 2019

As at
March 31, 2018

(3,56,65,067)

(6,10,88,039)

Retained Earnings

Opening Balances

(54,64,64,715)

(54,33,31,163)

Add: Surplus/ (Deficit) during the year

(1,97,12,649)

(56,61,77,364)

(31,33,552)

(54,64,64,715)

(60,18,42,431)

(60,75,52,754)

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

Particulars	(Amount in ₹)	
	As at March 31, 2019	As at March 31, 2018
NOTE # 2.07 Trade Payables-Current		
Trade Payables	48,76,650	69,45,653
Trade Accrual	32,64,139	5,66,88,282
Total	81,40,789	6,36,33,935
NOTE # 2.08 Other Financial liabilities-Current		
Employee Benefits Payable	-	3,51,227
Amount due to customer	7,75,097	-
Due to Related Parties	62,22,23,878	58,13,32,968
Total	62,29,98,975	58,16,84,195
NOTE # 2.09 Other Current liabilities		
Unearned Income	25,85,634	27,23,086
Statutory Dues Payable	18,74,603	-
Total	44,60,237	27,23,086

Vanco NV

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

Particulars	(Amount in ₹)	
	For the Year Ended March 31, 2019	For the Year Ended March 31, 2018
NOTE # 2.10 Revenue from Operations		
Enterprise Value Added Services	12,80,01,809	13,10,29,683
Total	12,80,01,809	13,10,29,683
NOTE # 2.11 Other Income		
Gain on Foreign Exchange Fluctuation	-	1,66,37,355
Reversal of Provision	2,24,637	-
Total	2,24,637	1,66,37,355
NOTE # 2.12 Network Operating Expenses		
Network Operating Expenses	11,78,54,260	10,50,64,366
Total	11,78,54,260	10,50,64,366
NOTE # 2.13 Employee Benefits Expenses		
Salaries, Wages and Bonus	1,29,34,410	59,93,622
Contribution to Provident, Gratuity and Superannuation Fund	(2,05,760)	2,67,504
Employee Welfare and Other Amenities	-	-
Total	1,27,28,650	62,61,126
NOTE # 2.14 Other Expenses		
Rent	3,08,867	2,27,647
Insurance	91,671	1,47,977
Rates and Taxes	1,41,201	3,49,46,800
Legal Fees	3,16,349	23,339
Licensing and Regulatory Fees	54,315	-
Professional Fees	23,31,413	10,46,864
Travel and Entertainment	1,10,519	14,24,321
Communication	56,776	2,11,585
Bank Charges	46,567	42,870
Provision for Doubtful Debts	-	(26)
Management Cost Group Recharge	9,38,870	5,46,857
Gain on Foreign Exchange Fluctuation	1,19,78,426	
Miscellaneous	300	1,02,790
	1,63,75,274	3,87,21,024
Payment to Auditors	9,80,911	7,54,074
Total	1,73,56,185	3,94,75,098

Vanco NV

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

Note 2.15

Segment Reporting

The Company has determined its business segment as telecommunication network unit taking into account the nature of services provided, class of customers for the services provided, the differing risks and returns and the internal business reporting systems. Since 100% of the business of Company is from telecommunication network unit, there are no other reportable segments.

The segment revenue, segment result, total carrying amount of segment assets, total amount of segment liabilities, total cost incurred during the year to acquire segments assets, segment depreciation and amortisation for the year are reflected within the financial statements of the Company as of and for the year ended March 31, 2019.

Substantial network assets are located across geographic territories and therefore not identifiable to any particular geographical segment.

Note 2.16

Earnings Per Share

		INR except number of shares	
Particulars		Year ended March 31, 2018	Year ended March 31, 2019
A	Profit attributable to Equity Shareholders	(19,712,649)	(31,33,552)
B	Weighted average number of share of Euro 1 each used as denominator for calculating Basic and Diluted EPS	561,500	561,500
C	Basic and Diluted Earnings per Share (A/B)	(35.11)	(5.58)

Note 2.17

Notes to Foreign Exchange Translation Reserve

The amounts relating to Balance Sheet items appearing in Indian Rupees have been translated at Closing Rate of 1 USD = INR 69.1550 (March 31, 2018 1 GBP = INR 92.2775) and items relating to profit and loss have been translated at average rate of 1 USD = INR 69.9160 (March 31, 2018 1 GBP = INR 85.5199).

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 :

List of related parties:

(a) Parties where control exist:

- i. Reliance Communication Limited
- ii. Reliance Vanco Group Limited

(b) Enterprises as affiliated companies are:

- i) Vanco ROW Limited
- ii) Vanco Global Limited
- iii) Vanco International Limited
- iv) VNO Direct Limited¹
- v) Vanco SAS
- vi) Euronet Spain SA
- vii) Vanco Srl
- viii) Vanco GmbH
- ix) Vanco Deutschland GmbH
- x) Vanco Switzerland A.G.
- xi) Vanco B.V.
- xii) Vanco US LLC
- xiii) Vanco Solutions Inc.
- xiv) Vanco Australasia Pty. Limited
- xv) Vanco (Asia Pacific) Pte. Limited
- xvi) Vanco Japan KK
- xvii) Vanco (Shanghai) Co. Ltd.
- xviii) Vanco Sp Zoo
- xix) Vanco Sweden AB
- xx) Vanco South America Ltda
- xxi) Reliance Communication Infrastructure Limited
- xxii) Vanco UK Limited

Vanco NV

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

(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	-	38,63,213
Fellow subsidiaries	12,05,36,202	12,04,34,375
Total	12,05,36,202	12,42,97,588

(d) Purchases of services

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Network Operating Expenses		
Parent company	16,55,637	-
Fellow subsidiaries	4,25,74,270	2,12,49,546
Total	4,42,29,907	2,12,49,546

(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	7,56,81,912	3,64,80,704
Total	7,56,81,912	3,64,80,704

Particulars	As at March 31, 2019	As at March 31, 2018
Due to related parties		
Parent company	60,25,34,514	57,96,80,693
Fellow subsidiaries	1,96,89,364	16,52,275
Total	62,22,23,878	58,13,32,968

Vanco NV

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

Note 2.19

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

For Shridhar & Associates

Chartered Accountants

Firm Registration No. 134427W

For Vanco NV

Jitendra Sawjany

Partner

Membership No. 050980

Andrew Goldie

Director

Chris Van Zinnicq Bergmann

Director

Place : Mumbai

Date : 22nd May,2019

Place :

Date : 21st May,2019

Place :

Date : 21st May,2019

Independent Auditors' Report

To the Board of Vanco Japan KK

Report on the Ind AS Financial Statements

Opinion

We have audited the accompanying standalone Ind AS financial statements of **Vanco Japan KK** ("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 Sawjany
Partner
Membership No.050980

Place: Mumbai
Date: 22nd May 2019

Vanco Japan KK

Balance Sheet as on March 31,2019

(Amount in ₹)

Particulars	Note No.	As at March 31, 2019	As at March 31, 2018
ASSETS			
Non-Current Assets			
Property, Plant and Equipment	2.01	59,474	-
Current Assets			
Financial Assets			
- Cash and cash equivalents	2.02	13,84,759	11,91,394
- Other Financial Assets	2.03	2,86,46,906	2,10,96,297
Other current assets	2.04	4,62,647	5,55,695
Total Assets		3,05,53,786	2,28,43,386
EQUITY AND LIABILITIES			
Equity			
Equity Share Capital	2.05	56,22,163	55,74,576
Other Equity	2.06	80,11,746	78,54,197
Total Equity		1,36,33,909	1,34,28,773
LIABILITIES			
Current liabilities			
Financial Liabilities			
-Trade Payables	2.07	11,32,620	12,99,822
- Other financial liabilities	2.08	1,50,56,703	73,31,540
Income Tax Liabilities (Net)	2.09	7,30,554	7,83,251
Total Current liabilities		1,69,19,877	94,14,613
Total Equity and Liabilities		3,05,53,786	2,28,43,386
General Information			
Significant Accounting Policies	1.01		
Notes on Accounts	1.02		
	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 Vanco Japan KK

Jitendra Sawjany

Partner

Membership No. : 050980

Janet Troxell

Director

Andrew Goldie

Director

Place: Mumbai

Date: 22nd May,2019

Place:

Date: 21st May,2019

Place:

Date: 21st May,2019

Vanco Japan KK**Statement of Profit & Loss for the year ended Mar 31,2019**

(Amount in ₹)

Particulars	Note No.	For the Period Ended March 31,2019	For the Period Ended March 31,2018
Revenue from Operations	2.10	1,68,24,377	1,52,15,597
Other Income	2.11	93,687	3,89,115
Total Revenue		1,69,18,064	1,56,04,712
Expenses:			
Network Operating Expenses	2.12	73,09,927	44,12,822
Employee Benefits Eexpense	2.13	88,62,972	77,06,103
Depreciation and Amortization Expense	2.14	979	-
Other expenses	2.15	6,68,676	27,32,785
Total Expenses		1,68,42,554	1,48,51,710
Profit before tax		75,510	7,53,002
Tax expense:			
(1) Current tax		(15,801)	5,43,307
(2) Deferred tax			-
Profit (Loss) for the period		91,311	2,09,695
Other comprehensive income			
Items that may be subsequently reclassified to statement of profit or loss			
Currency translation		66,238	4,96,526
Total other comprehensive income for the year		66,238	4,96,526
Total comprehensive income for the year		1,57,549	7,06,221
Earnings per equity share:	2.17		
(1) Basic		507.28	1,164.97
(2) Diluted		507.28	1,164.97
General Information	1.01		
Significant Accounting Policies	1.02		
Notes on Accounts	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 Vanco Japan KK

Jitendra Sawjany
Partner
Membership No. : 050980

Janet Troxell
Director

Andrew Goldie
Director

Place: Mumbai
Date: 22nd May,2019

Place:
Date: 21st May,2019

Place:
Date: 21st May,2019

Vanco Japan KK**Statement of Cash flows for the year ended March 31, 2019**

Particulars	(Amount in ₹)	
	For the year ended March 31, 2019	For the year ended March 31, 2018
A) CASH FLOW FROM OPERATING ACTIVITIES:		
Profit / (Loss) before tax	75,510	7,53,002
Adjustments for:		
Currency Translation Reserve	(6,181)	8,49,145
	<u>69,329</u>	<u>16,02,147</u>
Changes in working capital		
(Increase)/ Decrease in other financial assets	(75,50,609)	(31,02,405)
(Increase) / Decrease in other current assets	93,048	18,31,320
(Decrease) / Increase in trade payables	(1,67,202)	(68,57,668)
(Decrease) / Increase in other financial liabilities	77,25,163	67,39,036
	<u>1,00,400</u>	<u>(13,89,717)</u>
Income Tax (paid) / refunds	(36,896)	(1,05,021)
Net cash generated from / (used in) operating activities (A)	<u>1,32,833</u>	<u>1,07,409</u>
B) CASH FLOW FROM INVESTING ACTIVITIES:		
Addition to Fixed Assets and CWIP	60,532	
Net cash (used in) / generated from investing activities (B)	<u>60,532</u>	<u>-</u>
C) CASH FLOW FROM FINANCING ACTIVITIES:		
Net cash generated from financing activities (C)	<u>-</u>	<u>-</u>
Net (Decrease) in cash and cash equivalents (A+B+C)	1,93,365	1,07,409
Cash and cash equivalents at the beginning of the year	11,91,394	10,83,985
Cash and cash equivalents at the end of the year	<u><u>13,84,759</u></u>	<u><u>11,91,394</u></u>

As per our report of even date attached

For Shridhar & Associates

Chartered Accountants
Firm Registration No. 134427W

Jitendra Sawjany

Partner
Membership No. : 050980Place: Mumbai
Date: 22nd May,2019

For Vanco Japan KK

Janet Troxell
DirectorPlace:
Date: 21st May,2019Andrew Goldie
DirectorPlace:
Date: 21st May,2019

Vanco Japan KK

Statement of changes in equity for the year ended Mar 31,2019

(Amount in ₹)

Particulars	Equity	Other Equity			Total Equity
	Share capital	Reserves & Surplus	Other Comprehensive Income	Total Other Equity	
		Retained Earnings	Foreign currency translations reserve		
Balance as at April 1, 2017	52,21,957	69,55,354	1,92,622	71,47,976	1,23,69,933
Profit/(Loss) for the year		2,09,695		2,09,695	2,09,695
Currency translations			4,96,526	4,96,526	4,96,526
Foreign Exchange Movement	3,52,619			-	3,52,619
Balance as on March 31,2018	55,74,576	71,65,049	6,89,148	78,54,197	1,34,28,773
Profit/(Loss) for the year		91,311		91,311	91,311
Currency translations			66,238	66,238	66,238
Foreign Exchange Movement	47,587			-	47,587
Balance as on March 31,2019	56,22,163	72,56,360	7,55,386	80,11,746	1,36,33,909

*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 Vanco Japan KK

Jitendra Sawjany

Partner

Membership No. : 050980

Janet Troxell

Director

Andrew Goldie

Director

Place: Mumbai

Date: 22nd May,2019

Place:

Date: 21st May,2019

Place:

Date: 21st May,2019

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

1.01 General Information

Vanco Japan KK is a virtual Network operator. The Company provides enterprise clients with managed network solutions including the design, integration, implementation, security and management of global corporate 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

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 liability to 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

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

b) Foreign Currency Translation

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.

Functional Currency and Presentation Currency

Initially, these financial statements are presented in Indian Rupee. Functional currency of the Company is JPY.

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 (Refer Note 1), 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
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

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

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

Intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other 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 companyed at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other 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) 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.

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

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

(III) Subsequent measurement

Financial liabilities are subsequently measured at amortized 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 recognized in the statement of profit and loss.

(IV) Derecognition of financial liabilities

A financial liability is derecognized 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 recognized in the Statement of profit and loss.

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.

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

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 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 recognised 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 .

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

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.

Managed Network Solution Services

A network contract typically covers the design, supply and installation of the network and thereafter the provision of packaged network solutions. Revenue relating to the initial part of the contract is determined by the value of the component elements represented by the equipment installed and time expended on this element of the Contract. The remainder of the contract value covering provisions of packaged network solutions is recognised evenly over the period of contract.

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.

Unbilled Revenue

Where the Services are performed prior to billing, an accrued income is recognized in unbilled revenue

m) Employee Benefits

Eligible employees of the Company are covered by defined contribution pension plan/provident fund scheme. Contribution to the plan/fund is made to the insurance companies/local 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.

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 company reporting package and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognized in the period 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.

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

(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.

Vanco Japan KK

Notes forming part of Financial Statements as on March 31,2019

2.01 Property, Plant and Equipment

(Amount in ₹)

Particulars	Computers	Total
Gross carrying value		
As at April 1,2018	4,87,133	4,87,133
Addition during the year	60,532	60,532
Currency Translation	4,123	4,123
As at Mar 31, 2019	5,51,788	5,51,788
Accumulated Depreciation		
As at April 1,2018	4,87,133	4,87,133
Depreciation for the year	979	979
Currency Translation	4,202	4,202
As at Mar 31, 2019	4,92,314	4,92,314
Closing net carrying value as at Mar 31, 2019		
Gross carrying value as at Mar 31, 2019	5,51,788	5,51,788
Accumulated Depreciation	4,92,314	4,92,314
Closing net carrying value as at Mar 31, 2019	59,474	59,474

Particulars	Computers	Total
Gross carrying value		
As at April 1,2017	4,56,299	4,56,299
Currency Translation	30,834	30,834
As at March 31, 2018	4,87,133	4,87,133
Accumulated Depreciation		
As at April 1,2017	4,56,299	4,56,299
Depreciation for the year	30,834	30,834
Currency Translation		
As at March 31, 2018	4,87,133	4,87,133
Closing net carrying value as at March 31, 2018		
Gross carrying value as at March 31, 2018	4,87,133	4,87,133
Accumulated Depreciation	4,87,133	4,87,133
Closing net carrying value as at March 31, 2018	-	-

Vanco Japan KK

Notes forming part of Financial Statements as on March 31,2019

Particulars	(Amount in ₹)	
	As at March 31,2019	As at March 31,2018
2.02 Cash and Cash Equivalents		
Balance with Banks	<u>13,84,759</u>	<u>11,91,394</u>
Total	<u>13,84,759</u>	<u>11,91,394</u>
2.03 Other Financial Assets		
Group Company Receivables	<u>2,86,46,906</u>	<u>2,10,96,297</u>
Total	<u>2,86,46,906</u>	<u>2,10,96,297</u>
2.04 Other Current Assets		
Others		
Balances with Government Authorities	<u>4,62,647</u>	<u>5,55,695</u>
Total	<u>4,62,647</u>	<u>5,55,695</u>

Vanco Japan KK

Notes forming part of Financial Statements as on March 31,2019

	As at March 31,2019	(Amount in ₹) As at March 31,2018
2.05 Share Capital		
Authorised		
JPY 90,00,000 divided into 180 ordinary shares @ JPY 50,000 per share	56,22,163	55,74,576
	56,22,163	55,74,576
Issued, Subscribed and Paid up		
JPY 90,00,000 divided into 180 ordinary shares @ JPY 50,000 per share	56,22,163	55,74,576
	56,22,163	55,74,576

a) Shares held by Holding Company and Subsidiary of Holding Company

	As at March 31,2019 No. of Shares	As at March 31,2018 No. of Shares
Reliance Vanco Group Limited	180	180

b) Details of Shares held by shareholders holding more than 5% of the aggregate shares in the company

	As at March 31,2019		As at March 31,2018	
Particulars	% of Holding	No. of Shares	% of Holding	No. of Shares
Reliance Vanco Group Limited	100	180	100	180

c) Terms/Rights attached to the Shares

The company has ordinary Shares(shares) having a par value of JPY 50,000 each per share. Each holder of shares is entitled to 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.

d) Reconciliation of shares outstanding at the beginning and at the end of the year.

	As at 31st March,2019		As at 31st March,2018	
Particulars	No of Shares	Amount	No of Shares	Amount
Balance as the beginning of the year	180	56,22,163	180	55,74,576
Add: Movement for the year	-	-	-	-
At the end of the year	180	56,22,163	180	55,74,576

Vanco Japan KK

Notes forming part of Financial Statements as on March 31,2019

Particulars	(Amount in ₹)	
	As at March 31,2019	As at March 31,2018
2.06 Other Equity		
Reserve & Surplus		
Balance as at the beginning of the year	71,65,049	69,55,354
Profit / (Loss) for the Year	91,311	2,09,695
Balance as at the end of the Year	72,56,360	71,65,049
Foreign Currency Translations Reserve	7,55,386	6,89,148
Total	80,11,746	78,54,197
2.07 Trade Payables		
Trade Payables	11,32,620	12,99,822
Total	11,32,620	12,99,822
2.08 Other Financial Liabilities		
Statutory dues payable	6,22,948	5,00,698
Employee Payable	2,15,003	3,56,007
Payable to Related Party	1,42,18,752	64,74,835
Total	1,50,56,703	73,31,540
2.09 Income Tax Liabilities (Net)		
Current Tax Provisions (Net)	7,30,554	7,83,251
Total	7,30,554	7,83,251

Vanco Japan KK**Notes forming part of Financial Statements as on March 31,2019**

(Amount in ₹)

Particulars	For the Period Ended March 31,2019	For the Period Ended March 31,2018
2.10 Revenue from Operations		
Enterprise Value Added Services	1,68,24,377	1,52,15,597
Total	1,68,24,377	1,52,15,597
2.11 Other Income		
Interest Income	3,775	3,763
Reversal of Excess Provisions	85,787	3,85,352
Miscellaneous Income	4,125	-
Total	93,687	3,89,115
2.12 Network Operating Expenses		
Network Operating Expenses	73,09,927	44,12,822
Total	73,09,927	44,12,822
2.13 Employee Benefits Expenses		
Salaries, Wages and Bonus	78,18,986	70,37,338
Employee Welfare and Other Amenities	10,43,986	6,68,765
Total	88,62,972	77,06,103
2.14 Depreciation & Amortization		
Depreciation & Amortization	979	-
Total	979	-
2.15 Other Expenses		
Insurance	-	-
Rates and Taxes	43,977	16,72,083
Legal Fees	-	-
Professional Fees	1,94,296	1,13,143
Travel and Entertainment	54,185	49,858
Communication	1,18,438	1,75,231
Bank Charges	1,10,048	1,02,538
Foreign Exchange Gain/Loss (Net)	1,47,732	6,16,169
Foreign Exchange Fluctuation Unrealised Loss	-	-
Miscellaneous	-	3,763
	6,68,676	27,32,785
Payment to Auditors	-	-
Total	6,68,676	27,32,785

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

2.16 Segment Reporting

The Company has determined its business segment as telecommunication network unit taking into account the nature of services provided, class of customers for the services provided, the differing risks and returns and the internal business reporting systems. Since 100% of the business of Company is from telecommunication network unit, there are no other reportable segments.

The segment revenue, segment result, total carrying amount of segment assets, total amount of segment liabilities, total cost incurred during the year to acquire segments assets, segment depreciation and amortization for the year are reflected within the financial statements of the Company as of and for the year ended March 31, 2019.

Substantial network assets are located across geographic territories and therefore not identifiable to any particular geographical segment.

2.17 Earnings per Share

Particulars		Year ended March 31, 2019	Year ended March 31, 2018
A	Profit after Tax	91,311	2,09,695
B	Weighted average number of share of Euro 1 each used as denominator for calculating Basic and Diluted EPS	180	180
C	Basic and Diluted Earnings per Share (A/B)	507.28	1164.97

2.18 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 = INR 69.155 (March 31, 2018 1 GBP = INR 92.2775) and items relating to profit and loss have been translated at average rate of 1 USD = INR 69.916 and (March 31, 2018 1 GBP = INR 85.5198). The amounts have been converted in INR to comply with the financial reporting requirement in India.

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

2.19 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:

- a) Parties where control exist:
 - i) Reliance Communications Limited
 - ii) Reliance Vanco Group Limited
- b) Enterprises as affiliated companies are:
 - i) Vanco UK Limited
 - ii) Vanco Row Limited
 - iii) Vanco International Limited
 - iv) Vanco Global Limited
 - v) Euronet Spain SA
 - vi) Vanco Srl
 - vii) Vanco GmbH

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

- viii) Vanco Deutschland Gmbh
- ix) Vanco Switzerland A.G.
- x) Vanco B.V.
- xi) Vanco Benelux BV
- xii) Vanco NV
- xiii) Vanco US LLC
- xiv) Vanco Solutions Inc.
- xv) Vanco Australasia Pty. Limited
- xvi) Vanco (Asia Pacific) Pte. Limited
- xvii) Vanco Japan KK
- xviii) Vanco Sweden AB

c) Sales of services

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Service Revenue		
Parent company	1,15,57,955	1,11,47,762
Fellow subsidiaries	52,66,421	40,67,835
Total	<u>1,68,24,376</u>	<u>1,52,15,597</u>

Purchase of services

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Purchase of Services		
Parent company	-	-
Fellow subsidiaries	23,56,406	-
Total	<u>23,56,406</u>	<u>-</u>

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

Particulars	As at March 31, 2019	As at March 31, 2018
Due from Related Party		
Parent company	2,61,43,633	2,03,40,059
Fellow subsidiaries	25,03,273	7,56,239
Total	<u>2,86,46,906</u>	<u>2,10,96,298</u>

Vanco Japan KK**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 Party		
Parent company	-	-
Fellow subsidiaries	14,218,752	64,74,835
Total	14,218,752	64,74,835

2.20 Previous year figure have been regrouped or reclassified wherever necessary.

For Shridhar & Associates

Chartered Accountants

Firm Registration No. : 134427W

Jitendra Sawjany

Partner

Membership Number: 050980

Place : Mumbai

Date : 22nd May,2019

For Japan KK**Janet Troxell**

Director

Place :

Date : 21st May,2019

Andrew Goldie

Director

Place :

Date : 21st May,2019

Independent Auditors' Report

To the Board of Vanco South America Limited

Report on the Ind AS Financial Statements

Opinion

We have audited the accompanying standalone Ind AS financial statements of **Vanco South America 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 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 2.06 and 2.07 of the notes to the financial statements where the company has negative net worth amounting to INR 36,29,37,631 for the year 2019 and INR 31,96,02,129 for the year 2018 (excluding loss on account of FCTR). The financial statements are prepared under going concern assumption since the ultimate parent company (GCX Limited) will continue to support the company in meeting its liabilities as they fall due within the coming 12 months.

The (GCX Limited) 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 Sawjany
Partner
Membership No.050980

Place: Mumbai
Date: 22nd May 2019

Vanco South America Ltda
Balance Sheet as on March 31,2019

Particulars	Note No.	As at March 31, 2019	As at March 31, 2018
ASSETS			
Non-Current Assets			
Property, Plant and Equipment	2.01	20,332	40,325
Current Assets			
Financial Assets			
- Trade receivables	2.02	-	-
- Cash and cash equivalents	2.03	43,775	43,08,990
Other current assets	2.04	1,34,645	89,694
Current Tax Assets (Net)	2.05	29,89,501	18,09,654
Total Assets		31,88,253	62,48,663
EQUITY AND LIABILITIES			
Equity			
Equity Share Capital	2.06	1,41,81,339	1,59,29,127
Other Equity	2.07	(31,46,73,714)	(30,87,80,539)
Total Equity		(30,04,92,375)	(29,28,51,412)
Liabilities			
Current liabilities			
Financial Liabilities			
-Trade Payables	2.08	-	77,974
- Other financial liabilities	2.09	30,21,69,799	29,73,36,653
Other current liabilities	2.10	2,974	3,16,050
Income Tax Liabilities (Net)	2.11	15,07,855	-
Provisions	2.12	-	13,69,398
Total Current liabilities		30,36,80,628	29,91,00,075
Total Equity and Liabilities		31,88,253	62,48,663
General Information			
	1.01		
Significant Accounting Policies			
	1.02		
Notes on Accounts			
	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 Vanco South Amercia Ltda

Jitendra Sawjany
Partner
Membership No. : 050980

Cicero Augusto Oliveira de Alencar
Director

Place: Mumbai
Date:

Place:
Date:

Vanco South America Ltda**Statement of Profit & Loss For the Period Ended Mar 31,2019**

Particulars	Note No.	For the Period Ended March 31,2019	For the Period Ended March 31,2018
Revenue from Operations	2.13	51,51,551	58,05,854
Other Income	2.14	-	-
Total Revenue		<u>51,51,551</u>	<u>58,05,854</u>
Expenses:			
Network Operating Expenses	2.15	-	-
Employee Benefits Eexpense	2.16	71,57,580	72,00,254
Depreciation and Amortization Expense	2.17	16,360	18,986
Other expenses	2.18	3,88,26,873	4,88,65,415
Total Expenses		<u>4,60,00,813</u>	<u>5,60,84,655</u>
Profit before tax		<u>(4,08,49,262)</u>	<u>(5,02,78,801)</u>
Tax expense:			
(1) Current tax		7,38,453	9,664
(2) Deferred tax			-
Profit (Loss) for the period		<u>(4,15,87,715)</u>	<u>(5,02,88,465)</u>
Other comprehensive income			
Items that may be subsequently reclassified to statement of profit or loss			
Currency translations		3,56,94,540	77,57,453
Total other comprehensive income for the year		<u>3,56,94,540</u>	<u>77,57,453</u>
Total comprehensive income for the year		<u>(58,93,175)</u>	<u>(4,25,31,012)</u>
Earnings/ (Loss) per equity share:	2.20		
(1) Basic		(51.98)	(62.86)
(2) Diluted		(51.98)	(62.86)
General Information	1.01		
Significant Accounting Policies	1.02		
Notes on Accounts	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 Vanco South America Ltda

Jitendra Sawjany
Partner
Membership No. : 050980

Cicero Augusto Oliveira de Alencar
Director

Place: Mumbai
Date:

Place:
Date:

Vanco South America Ltda

Statement of Cash flows for the year ended March 31, 2019

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	(4,08,49,262)	(5,02,78,801)
Adjustments for:		
Depreciation and amortisation expense	16,360	18,986
Foreign currency translations reserve	3,39,50,385	72,04,811
	<u>(68,82,517)</u>	<u>(4,30,55,004)</u>
Changes in working capital		
(Increase)/ Decrease in trade receivables	-	72,328
(Increase) / Decrease in other current assets	(44,951)	48,78,904
(Decrease) / Increase in trade payables	(77,974)	(19,52,771)
(Decrease)/ Increase in other financial liabilities	48,33,146	3,32,08,271
(Decrease)/Increase in other current liabilities	14,932	(51,91,669)
(Decrease) / Increase in Provisions	(13,69,398)	13,69,398
Cash generated from / (used in) operations	<u>33,55,755</u>	<u>3,23,84,461</u>
Income Tax (Paid) /Refunds	(7,38,453)	(9,665)
Net cash generated from / (used in) operating activities (A)	<u>(42,65,215)</u>	<u>(1,06,80,208)</u>
B) CASH FLOW FROM INVESTING ACTIVITIES:		
Net cash (used in) / generated from investing activities (B)	<u>-</u>	<u>-</u>
C) CASH FLOW FROM FINANCING ACTIVITIES:		
Dividend Expenses		(4,62,69,718)
Net cash generated from financing activities (C)	<u>-</u>	<u>(4,62,69,718)</u>
Net (Decrease) in cash and cash equivalents (A+B+C)	<u>(42,65,215)</u>	<u>(5,69,49,926)</u>
Cash and cash equivalents at the beginning of the year	43,08,990	6,12,58,916
Cash and cash equivalents at the end of the year	<u>43,775</u>	<u>43,08,990</u>

As per our report of even date attached

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

Jitendra Sawjany
Partner
Membership No. : 050980

Place: Mumbai
Date:

For Vanco South America Ltda

Cicero Augusto Oliveira de Alencar
Director

Place:
Date:

Vanco South America Ltda
Statement of changes in equity for the year ended Mar 31,2019

(Amount in ₹)

Particulars	Equity	Other Equity			Total Equity
	Share Capital	Reserves & Surplus	Other Comprehensive Income	Total Other Equity	
		Retained Earnings	Foreign Currency Translations Reserve*		
Balance as at April 1, 2017	1,64,83,799	(23,89,73,072)	1,89,93,263	(21,99,79,809)	(20,34,96,010)
Surplus/ (Deficit) of Statement of Profit and Loss	-	(5,02,88,465)	-	(5,02,88,465)	(5,02,88,465)
Currency Translations	-	-	77,57,453	77,57,453	77,57,453
Distribution to parent company	-	(4,62,69,718)	-	(4,62,69,718)	(4,62,69,718)
Foreign Exchange Movement	(5,54,673)	-	-	-	(5,54,673)
Balance as at March 31, 2018	1,59,29,126	(33,55,31,255)	2,67,50,716	(30,87,80,539)	(29,28,51,413)
Surplus/ (Deficit) of Statement of Profit and Loss		(4,15,87,715)		(4,15,87,715)	(4,15,87,715)
Currency Translations			3,56,94,540	3,56,94,540	3,56,94,540
Distribution to parent company				-	-
Foreign Exchange Movement	(17,47,787)			-	(17,47,787)
Balance as on March 31, 2019	1,41,81,339	(37,71,18,970)	6,24,45,256	(31,46,73,714)	(30,04,92,375)

*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 Vanco South America Ltda

Jitendra Sawjany
Partner
Membership No. : 050980

Cicero Augusto Oliveira de Alencar
Director

Place: Mumbai
Date:

Place:
Date:

Vanco South America Ltda

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

1.01 General Information

Vanco South America Ltda is a virtual Network operator. The Company provides enterprise clients with managed network solutions including the design, integration, implementation, security and management of global corporate 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 liability to 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

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

have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions

b) Foreign Currency Translation

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.

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
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

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

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

Intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other 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 compared at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other 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) 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 recognized when the Company becomes a party to the contractual provisions of the instrument. Financial liabilities are initially measured at the amortized cost unless at initial recognition, they are classified as fair value through profit and loss.

(III) Subsequent measurement

Financial liabilities are subsequently measured at amortized 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 recognized in the statement of profit and loss.

(IV) Derecognition of financial liabilities

A financial liability is derecognized 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 recognized in the Statement of profit and loss.

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 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 recognised 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.

Vanco South America Ltda

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

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.

Managed Network Solution Services

A network contract typically covers the design, supply and installation of the network and thereafter the provision of packaged network solutions. Revenue relating to the initial part of the contract is determined by the value of the component elements represented by the equipment installed and time expended on this element of the Contract. The remainder of the contract value covering provisions of packaged network solutions is recognised evenly over the period of contract.

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.

Unbilled Revenue

Where the Services are performed prior to billing, an accrued income is recognized in unbilled revenue

m) Employee Benefits

Eligible employees of the Company are covered by defined contribution pension plan/provident fund scheme. Contribution to the plan/fund is made to the insurance companies/local 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.

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 company reporting package and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognized in the period 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.

Vanco South America Ltda

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

(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.

Vanco South America Ltda
Notes forming part of Financial Statements as on March 31,2019

2.01 Property, Plant and Equipment

(Amount in ₹)

Particulars	Computers	Furniture and Fixtures	Total
Gross carrying value			
As at 1st April,2018	50,18,050	40,787	50,58,837
Currency Transalation Reserve	(5,50,568)	(4,411)	(5,54,979)
As at Mar 31, 2019	44,67,482	36,376	45,03,858
Accumulated Depreciation			
As at 1st April,2018	49,87,691	30,821	50,18,512
Depreciation for the year	13,354	3,006	16,360
Currency Transalation Reserve	(5,47,809)	(3,537)	(5,51,346)
As at Mar 31, 2019	44,53,236	30,290	44,83,526
Closing net carrying value as at Mar 31, 2019			
Gross carrying value as at Mar 31, 2019	44,67,482	36,376	45,03,858
Accumulated Depreciation	44,53,236	30,290	44,83,526
Closing net carrying value as at Mar 31, 2019	14,246	6,086	20,332

Particulars	Computers	Furniture and Fixtures	Total
Gross carrying value			
As at 1st April,2017	51,92,808	42,238	52,35,046
Currency Transalation Reserve	(1,74,758)	(1,451)	(1,76,209)
As at March 31, 2018	50,18,050	40,787	50,58,837
Accumulated Depreciation			
As at 1st April,2017	51,45,125	28,578	51,73,703
Depreciation for the year	15,736	3,250	18,986
Currency Transalation Reserve	(1,73,170)	(1,007)	(1,74,177)
As at March 31, 2018	49,87,691	30,821	50,18,512
Closing net carrying value as at March 31, 2018			
Gross carrying value as at March 31, 2018	50,18,050	40,787	50,58,837
Accumulated Depreciation	49,87,691	30,821	50,18,512
Closing net carrying value as at March 31, 2018	30,359	9,966	40,325

Vanco South America Ltda

Notes forming part of Financial Statements as on March 31,2019

Particulars	As at March 31,2019	As at March 31,2018
2.02 Trade Receivables (Unsecured)		
Considered Good	-	-
Considered Doubtful	-	-
		-
Less: Provision for Doubtful Debts	-	-
	-	-
2.03 Cash and Cash Equivalents		
Balance with Banks	43,775	43,08,990
Total	43,775	43,08,990
2.04 Other Current Assets		
Others		
Deposits	8,160	-
Unbilled Debtors	-	-
Balances with Government Authorities	-	-
Prepaid Expenses	-	89,694
Advances to Vendor	-	-
Group Company Receivables	1,798	-
Others	1,24,687	-
Total	1,34,645	89,694
2.05 Current Tax Assets (Net)		
Advance Tax and Tax deducted at source	29,89,501	18,09,654
Total	29,89,501	18,09,654

Vanco South America Ltda
Notes forming part of Financial Statements as on March 31,2019

	As at 31st March,2019	As at 31st March,2018
2.06 Share Capital		
Authorised		
8,00,000 (8,00,000) Ordinary shares of BRL 1 each	<u>1,41,81,339</u>	<u>1,59,29,127</u>
	<u>1,41,81,339</u>	<u>1,59,29,127</u>
Issued, Subscribed and Paid up		
8,00,000 (8,00,000) Ordinary shares of BRL 1 each fully paid up	<u>1,41,81,339</u>	<u>1,59,29,127</u>
	<u>1,41,81,339</u>	<u>1,59,29,127</u>

a) Shares heldy by Holding Company and Subsidiary of Holding Company

	No. of Shares	No. of Shares
Reliance Vanco Group Limited	7,99,999	7,99,999
Vanco Row Limited	<u>1</u>	<u>1</u>
	<u>8,00,000</u>	<u>8,00,000</u>

b) Details of shares heldy by shareholder holding more than 5 % of the aggergate shares in the Company

Partiulars	As at 31st March,2019		As at 31st March,2018	
	% of Holding	No. of Shares	% of Holding	No. of Shares
Reliance Vanco Group Limited	99.99	7,99,999	99.99	7,99,999

c) Terms/Rights attached to the shares

The Company has Ordinary Shares having a par value of BRL 1 each. Each Shareholder 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.

d) Reconciliation of shares outstanding at the beginning and at the end of the year.

Ordinary Shares	As at 31st March,2019		As at 31st March,2018	
	No. of Shares	Amt(₹)	No. of Shares	Amt(₹)
Balance as at the beginning of the year	8,00,000	1,41,81,339	8,00,000	1,59,29,127
Add : Movement for the year	-	-	-	-
At the end of the year	<u>8,00,000</u>	<u>1,41,81,339</u>	<u>8,00,000</u>	<u>1,59,29,127</u>

Vanco South America Ltda

Notes forming part of Financial Statements as on March 31,2019

Particulars	As at March 31,2019	As at March 31,2018
2.07 Other Equity		
Reserves and Surplus		
Balance as at the beginning of the year	(33,55,31,255)	(23,89,73,072)
Profit / (Loss) for the Year	(4,15,87,715)	(5,02,88,465)
Distribution to parent company		(4,62,69,718)
Balance as at the end of the Year	<u>(37,71,18,970)</u>	<u>(33,55,31,255)</u>
Foreign Currency Translation Reserve	6,24,45,256	2,67,50,716
Total	<u>(31,46,73,714)</u>	<u>(30,87,80,539)</u>
2.08 Trade Payables		
Trade Payables	-	77,974
Total	<u>-</u>	<u>77,974</u>
2.09 Other Financial Liabilities		
Payable to Related Party	30,21,69,799	29,73,36,653
Total	<u>30,21,69,799</u>	<u>29,73,36,653</u>
2.10 Other Current Liabilities		
Employee Payable	-	1,76,065
Statutory dues payable	2,974	1,39,985
Unearned Income	-	-
Other Liabilities	-	-
Total	<u>2,974</u>	<u>3,16,050</u>
2.11 Income Tax Liabilities -Net		
Current Tax Liabilities -Net	15,07,855	-
	<u>15,07,855</u>	<u>-</u>
2.12 Provisions		
Provision for Leave Encashment	-	13,69,398
	<u>-</u>	<u>13,69,398</u>

Vanco South America Ltda

Notes forming part of Financial Statements as on March 31,2019

Particulars	For the Period Ended March 31,2019	For the Period Ended March 31,2018
2.13 Revenue from Operations		
Enterprise Value Added Services	51,51,551	58,05,854
Total	51,51,551	58,05,854
2.14 Other Income		
Gain on Foreign Exchange Fluctuation	-	-
Total	-	-
2.15 Network Operating Expenses		
Network Operating Expenses	-	-
Total	-	-
2.16 Employee Benefits Expense		
Salaries, Wages and Bonus	44,53,580	70,14,762
Employee Welfare and Other Amenities	27,04,000	1,85,492
Total	71,57,580	72,00,254
2.17 Depreciation & Amortization		
Depreciation & Amortization	16,360	18,986
Total	16,360	18,986
2.18 Other Expenses		
Rent	15,86,814	11,69,825
Insurance		-
Rates and Taxes	2,936	13,769
Legal Fees	2,78,056	-
Professional Fees	9,67,288	10,05,114
Travel and Entertainment	-	83,980
Communication	41,670	-
Bank Charges	22,723	20,012
Foreign Exchange Gain/Loss (Net)	3,59,22,981	4,62,36,023
Bad Debts Written Off		-
Information Technology Support	4,405	-
Miscellaneous	-	3,36,692
	3,88,26,873	4,88,65,415
Payment to Auditors	-	-
Total	3,88,26,873	4,88,65,415

Vanco South America Ltda

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

2.19 Segment Reporting

The Company has determined its business segment as telecommunication network unit taking into account the nature of services provided, class of customers for the services provided, the differing risks and returns and the internal business reporting systems. Since 100% of the business of Company is from telecommunication network unit, there are no other reportable segments.

The segment revenue, segment result, total carrying amount of segment assets, total amount of segment liabilities, total cost incurred during the year to acquire segments assets, segment depreciation and amortization for the year are reflected within the financial statements of the Company as of and for the year ended March 31, 2019.

Substantial network assets are located across geographic territories and therefore not identifiable to any particular geographical segment.

2.20 Earnings per Share

Particulars		Year ended March 31, 2019	Year ended March 31, 2018
A	Profit after Tax	(4,15,87,715)	(5,02,88,465)
B	Weighted average number of share of Euro 1 each used as denominator for calculating Basic and Diluted EPS	800000	800000
C	Basic and Diluted Earnings per Share (A/B)	(51.98)	(62.86)

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 = INR 69.155 (March 31, 2018 1 GBP = INR 92.2775) and items relating to profit and loss have been translated at average rate of 1 USD = INR 69.916 and (March 31, 2018 1 GBP = INR 85.5198). The amounts have been converted in INR to comply with the financial reporting requirement in India.

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 basis:

- a) Parties where control exist:
 - i) Reliance Communications Limited
 - ii) Reliance Vanco Group Limited
- b) Enterprises as affiliated companies are:
 - i) Vanco UK Limited
 - ii) Vanco Row Limited
 - iii) Vanco International Limited
 - iv) Vanco Global Limited
 - v) Euronet Spain SA
 - vi) Vanco Srl

Vanco South America Ltda

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

- vii) Vanco GmbH
- viii) Vanco Deutschland GmbH
- ix) Vanco Switzerland A.G.
- x) Vanco B.V.
- xi) Vanco Benelux BV
- xii) Vanco NV
- xiii) Vanco US LLC
- xiv) Vanco Solutions Inc.
- xv) Vanco Australasia Pty. Limited
- xvi) Vanco (Asia Pacific) Pte. Limited
- xvii) Vanco Japan KK
- xviii) Vanco Sweden AB

b) 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	-	-
	<u>-</u>	<u>-</u>

c) Sales of Services

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Service Revenue		
Parent company	51,51,580	43,70,233
Fellow subsidiaries	-	-
	<u>51,51,580</u>	<u>43,70,233</u>

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

Particulars	As at March 31, 2019	As at March 31, 2018
Due to Related Party		
Parent company	29,17,92,123	29,69,11,115
Fellow subsidiaries	1,03,77,676	-
Total	<u>30,21,69,799</u>	<u>29,69,11,115</u>

Vanco South America Ltda

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

2.21 Previous year figure have been regrouped or reclassified wherever necessary.

For Shridhar & Associates

Chartered Accountants

Firm Registration No. : 134427W

For Vanco South America Ltda.

Jitendra Sawjany

Partner

Membership Number: 050980

Cicero Augusto Oliveira de Alencar

Director

Place : Mumbai

Date :

Place :

Date :

Net Direct SA (Proprietary) limited (In Liquidation)
Balance Sheet as at March 31, 2019

(Amount in ₹)

Particulars	Note No.	As at March 31, 2019	As at March 31, 2018
ASSETS			
			-
Total Assets		-	-
EQUITY AND LIABILITIES			
Equity			
Equity Share Capital	2.01	452	548
Other Equity	2.02	(2,47,84,260)	(2,87,80,571)
Total Equity		(2,47,83,808)	(2,87,80,023)
LIABILITIES			
Current Liabilities			
Financial Liabilities			
- Other Financial Liabilities	2.03	2,47,83,808	2,87,80,023
Total Equity and Liabilities		-	0

The accompanying notes form an integral part of the financial statements

For Net Direct SA (Proprietary) limited

Liquidator

Net Direct SA (Proprietary) limited (In Liquidation)
Statement of Profit & Loss Account for the year ended 31 March 2019

(Amount in ₹)

Particulars	For the Year Ended March 31, 2019	For the Year Ended March 31, 2018
INCOME		
Revenue from Operations	-	-
Other Income	-	-
Total Income	-	-
Expenses:		
Network Operating Expenses	-	-
Other Expenses	-	-
Total Expenses	-	-
Profit/(Loss) before tax	-	-
Tax expense:		
(1) Current tax	-	-
(2) Deferred tax	-	-
Profit/(Loss) for the period	-	-
Other comprehensive income		
<i>Items that may be subsequently reclassified to statement of profit or loss</i>		
Currency translation	-	-
Total other comprehensive income for the year	-	-
Total comprehensive income for the year	-	-
Earnings per equity share:		
(1) Basic	-	-
(2) Diluted	-	-

The accompanying notes form an integral part of the financial statements

For Net Direct SA (Proprietary) limited

Liquidator

Net Direct SA (Proprietary) limited (In Liquidation)
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	-	-
Adjustments for:		
Foreign Currency Translation and exchange movement (net)	-	-
	-	-
Adjustments for:		
(Decrease)/ Increase in Trade Payables	-	-
(Decrease)/ Increase in Other Financial Liabilities	-	-
(Decrease)/ Increase in Other Current Liabilities	-	-
Decrease/(Increase) in Trade Receivables	-	-
(Increase)/ Decrease in Other Financial Assets	-	-
Decrease/(Increase) in Income Tax Assets	-	-
Decrease/(Increase) in Other Current Assets	-	-
	-	-
Cash Generated from Operations	-	-
Taxes paid (net of refunds)	-	-
Net cash (used in)/generated from operating activities (A)	-	-
B) CASH FLOW FROM INVESTING ACTIVITIES		
Net Cash used in Investing Activities (B)	-	-
C) CASH FLOW FROM FINANCING ACTIVITIES		
Net Cash Used In Financing Activities (C)	-	-
Net (Decrease) /Increase in Cash and Cash Equivalents	-	-
Opening Balance of Cash and Cash Equivalents	-	-
Closing Balance of Cash and Cash Equivalents	-	-

For Net Direct SA (Proprietary) limited

Liquidator

Net Direct SA (Proprietary) limited (In Liquidation)
Notes to Financial Statement as on March 31, 2019

	(Amount in ₹)	
	As at March 31, 2019	As at March 31, 2018
NOTE 2.01 Equity Share Capital		
Share Capital		
Authorised		
1000 (1000) Ordinary Shares of ZAR 1 Per Share	5,273	5,273
	5,273	5,273
Issued, Subscribed and Paid up:		
100 (100) Ordinary Shares of ZAR 1 Per Share	452	548
	452	548

i. Movement in share capital

	No. of Shares	Amount
As at April 1, 2017	100	485
Issued during the year	-	-
Foreign exchange movement	-	65
As at March 31, 2018	100	550
Issued during the year	-	-
Foreign exchange movement	-	98
As at March 31, 2019	100	452

ii. Rights, preferences and restriction attached to the shares

The Company has only Ordinary Shares (shares) having a par value of ZAR 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

		As at March 31, 2019	As at March 31, 2018
Ordinary Shares			
Reliance Vanco Group Limited	No. of Shares	100	100
	% of Holding	100%	100%

NOTE 2.02 Other Equity

	As at March 31, 2019	As at March 31, 2018
Retained Earnings	(2,47,84,260)	(2,87,80,571)
	(2,47,84,260)	(2,87,80,571)

Net Direct SA (Proprietary) limited (In Liquidation)
Notes to Financial Statement as on March 31, 2019

Particulars	(Amount in ₹)	
	As at March 31, 2019	As at March 31, 2018
NOTE 2.03 Other Financial Liabilities		
Current account balance with related parties	2,47,83,808	2,52,26,694
Total	2,47,83,808	2,52,26,694

Independent Auditors' Report

To the Board of Vanco Shanghai Co. Limited

Report on the Ind AS Financial Statements

Opinion

We have audited the accompanying standalone Ind AS financial statements of **Vanco Shanghai Co. 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 2.04 & 2.05 of the notes to the financial statements where the company has negative net worth amounting to INR 38,99,145 for the year 2019 and INR 35,54,884 for the year 2018 (excluding loss on account of FCTR). The financial statements are prepared under going concern assumption since the ultimate parent company (GCX Limited) will continue to support the company in meeting its liabilities as they fall due within the coming 12 months.

The (GCX Limited) 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 Sawjany
Partner
Membership No.050980

Place: Mumbai
Date: 22nd May 2019

Vanco Shanghai Co. Limited
Balance Sheet as on March 31,2019

		(Amount in ₹)	
Particulars	Note No.	As at Mar 31, 2019	As at Mar 31, 2018
ASSETS			
Non-Current Assets			
Property, Plant and Equipment	2.01	41,493	42,301
Current Assets			
Financial Assets			
- Cash and cash equivalents	2.02	14,88,077	15,20,022
Other current assets	2.03	20,14,762	-
Total Assets		<u>35,44,332</u>	<u>15,62,323</u>
EQUITY AND LIABILITIES			
Equity			
Equity Share Capital	2.04	1,15,51,305	1,17,71,744
Other Equity	2.05	<u>(1,52,45,634)</u>	<u>(1,54,12,017)</u>
Total Equity		<u>(36,94,329)</u>	<u>(36,40,273)</u>
LIABILITIES			
Current liabilities			
Trade Payables	2.06	21,41,522	18,81,574
Other financial liabilities	2.07	50,13,876	32,36,194
Current Tax Liabilities (Net)	2.08	<u>83,263</u>	<u>84,828</u>
Total Current liabilities		<u>72,38,661</u>	<u>52,02,596</u>
Total Equity and Liabilities		<u>35,44,332</u>	<u>15,62,323</u>
General Information	1.01		
Significant Accounting Policies	1.02		
Notes on Accounts	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 Vanco Shanghai Co. Limited

Jitendra Sawjany
Partner
Membership No. : 050980

Andrew Goldie
Director

Janet Troxell
Director

Place: Mumbai
Date:22nd May,2019

Place:
Date: 21st May,2019

Place:
Date: 21st May,2019

Vanco Shanghai Co. Limited**Statement of Profit & Loss For the Period Ended Mar 31,2019**

(Amount in ₹)

Particulars	Note No.	For the Period Ended Mar 31,2019	For the Period Ended Mar 31,2018
Revenue from Operations	2.09	12,10,036	30,09,594
Other Income	2.1	8,12,074	48,042
Total Revenue		20,22,110	30,57,636
Expenses:			
Network Operating Expenses	2.11	-	-
Employee Benefits Eexpense	2.12	-	-
Depreciation and Amortization Expense	2.13	-	-
Other expenses	2.14	21,45,932	28,62,008
Total Expenses		21,45,932	28,62,008
Profit before tax		(1,23,822)	1,95,628
Tax expense:			
(1) Current tax		-	35,829
(2) Deferred tax			
Profit (Loss) for the period		(1,23,822)	1,59,799
Other comprehensive income Items that may be subsequently reclassified to statement of profit or loss			
Currency translations		2,90,205	(15,68,078)
Total other comprehensive income for the year		2,90,205	(15,68,078)
Total comprehensive income for the year		1,66,383	(14,08,279)
Earnings per equity share:	2.16		
(1) Basic		(0.88)	1.14
(2) Diluted		(0.88)	1.14

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

For Vanco Shanghai Co. Limited

Jitendra Sawjiani
Partner
Membership No. : 050980

Andrew Goldie
Director

Janet Troxell
Director

Place: Mumbai
Date: 22nd May, 2019

Place:
Date: 21st May, 2019

Place:
Date: 21st May, 2019

Vanco Shanghai Co Limited
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	(1,23,822)	1,95,627
Adjustments for:		
Foreign currency translation reserve	70,573	(4,50,327)
	(53,249)	(2,54,700)
Changes in working capital		
Decrease / (Increase) in non-current assets		
(Increase) / Decrease in other current assets	(20,14,762)	4,38,842
(Decrease) / Increase in trade payables	2,59,948	11,66,427
(Decrease) Increase in other financial liabilities	17,77,682	(12,81,833)
Cash generated from / (used in) operations	22,868	3,23,436
Taxes paid (net of refunds)	(1,566)	79,083
Net cash generated from / (used in) operating activities (A)	(31,947)	1,47,819
B) CASH FLOW FROM INVESTING ACTIVITIES:		
Net cash (used in) / generated from investing activities (B)	-	-
C) CASH FLOW FROM FINANCING ACTIVITIES:		
Net cash generated from financing activities (C)	-	-
Net (Decrease) in cash and cash equivalents (A+B+C)	(31,947)	1,47,819
Cash and cash equivalents at the beginning of the year	15,20,022	13,72,203
Cash and cash equivalents at the end of the year (refer Note 2.07)	14,88,077	15,20,022

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

For Vanco Shanghai Co. Limited

Jitendra Sawjany
Partner
Membership No. : 050980

Andrew Goldie
Director

Janet Troxell
Director

Place: Mumbai
Date: 22nd May, 2019

Place:
Date: 21st May, 2019

Place:
Date: 21st May, 2019

Vanco Shanghai Co Limited
Statement of changes in equity for the year ended Mar 31,2019

(Amount in ₹)

(Amount in ₹)					
Particulars	Equity	Other Equity			Total Equity
	Share Capital	Reserves & Surplus	Other Comprehensive Income	Total Other Equity	
		Retained Earnings	Foreign Currency Translations Reserve*		
Balance as at April 1, 2017	1,05,78,044	(1,54,86,426)	14,82,688	(1,40,03,738)	(34,25,694)
Net Loss for the year	-	1,59,799	-	1,59,799	1,59,799
Currency translations	-	-	(15,68,078)	(15,68,078)	(15,68,077)
Foreign Exchange Movement	11,93,700	-	-	-	11,93,700
Balance as at March 31,2018	1,17,71,744	(1,53,26,627)	(85,390)	(1,54,12,017)	(36,40,272)
Net Profit for the year	-	(1,23,822)	-	(1,23,822)	(1,23,822)
Currency translations	-	-	2,90,205	2,90,205	2,90,205
Foreign Exchange Movement	(2,20,439)	-	-	-	(2,20,439)
Balance as on March 31,2019	1,15,51,305	(1,54,50,449)	2,04,815	(1,52,45,634)	(36,94,329)

*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 Vanco Shanghai Co. Limited

Jitendra Sawjany
Partner
Membership No. : 050980

Andrew Goldie
Director

Janet Troxell
Director

Place: Mumbai
Date: 22nd May, 2019

Place:
Date: 21st May, 2019

Place:
Date: 21st May, 2019

Vanco Shanghai Co. Limited

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

1.01 General Information

Vanco Shanghai Co. Limited is a virtual Network operator. The Company provides enterprise clients with managed network solutions including the design, integration, implementation, security and management of global corporate 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.

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 liability to 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 Translation

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.

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 (Refer Note 1), 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
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

Intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other 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 compared at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or companies 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) 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 recognized initially at fair value and subsequently measured at amortized cost using effective interest rate method.

i) Provisions and Contingent Liabilities

Provisions are recognized when there is a present 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 recognised 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.

Managed Network Solution Services

A network contract typically covers the design, supply and installation of the network and thereafter the provision of packaged network solutions. Revenue relating to the initial part of the contract is determined by the value of the component elements represented by the equipment installed and time expended on this element of the Contract. The remainder of the contract value covering provisions of packaged network solutions is recognised evenly over the period of contract.

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.

Unbilled Revenue

Vanco Shanghai Co. Limited

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

Where the Services are performed prior to billing, an accrued income is recognized in unbilled revenue

l) Employee Benefits

Eligible employees of the Company are covered by defined contribution pension plan/provident fund scheme. Contribution to the plan/fund is made to the insurance companies/local 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.

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 company reporting package and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognized in the period in which the results are known / materialized.

n) Earnings Per Share

Basic earnings per share

(i) 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.

Vanco Shanghai Co Limited

Notes forming part of Financial Statements as on March 31,2019

2.01. Property, Plant and Equipment

(Amount in ₹)

Particulars	Computers	Total
Gross carrying value		
As at April 1,2018	4,23,008	4,23,008
Currency Translation Reserve	(7,940)	(7,940)
As at Mar 31, 2019	4,15,068	4,15,068
Accumulated Depreciation		
As at April 1,2018	3,80,707	3,80,707
Currency Translation Reserve	(7,132)	(7,132)
As at Mar 31, 2019	3,73,575	3,73,575
Closing net carrying value as at Mar 31, 2019		
Gross carrying value as at Mar 31, 2019	4,15,068	4,15,068
Accumulated Depreciation	3,73,575	3,73,575
Closing net carrying value as at Mar 31, 2019	41,493	41,493

Particulars	Computers	Total
Gross carrying value		
As at April 1,2017	3,80,113	3,80,113
Currency Translation Reserve	42,895	42,895
As at March 31, 2018	4,23,008	4,23,008
Accumulated Depreciation		
As at April 1,2017	3,42,102	3,42,102
Currency Translation Reserve	38,605	38,605
As at March 31, 2018	3,80,707	3,80,707
Closing net carrying value as at March 31, 2018		
Gross carrying value as at March 31, 2018	4,23,008	4,23,008
Accumulated Depreciation	3,80,707	3,80,707
Closing net carrying value as at March 31, 2018	42,301	42,301

Vanco Shanghai Co Limited**Notes on Accounts to the Balance Sheet and Statement of Profit and Loss as on
March 31,2019**

Particulars	(Amount in ₹)	
	As at Mar 31,2019	As at Mar 31,2018
2.02 Cash and Cash Equivalents		
Cash on hand	-	-
Balance with Banks	14,88,077	15,20,022
Total	14,88,077	15,20,022
2.03 Other Financial Assets		
Group Company Receivables	20,14,762	-
	20,14,762	-

Vanco Shanghai Co Limited

Notes forming part of Financial Statements as on March 31,2019

2.04 Share Capital

(Amount in ₹)

	As at Mar 31,2019	As at Mar 31,2018
Authorised		
1,40,000(1,40,000) Ordinary shares @ USD 1 each.	1,15,51,305	1,17,71,744
	<u>1,15,51,305</u>	<u>1,17,71,744</u>
Issued, Subscribed and Paid up		
1,40,000(1,40,000) Ordinary shares @ USD 1 each fully paid up.	1,15,51,305	1,17,71,744
	<u>1,15,51,305</u>	<u>1,17,71,744</u>

a) Shares held by Holding Company

	No. of shares	No. of shares
Reliance Vanco Group Limited	1,40,000	1,40,000

b) Details of Shareholder holding more than 5% of the aggregate shares in the company

	At at March 31,2019		At at March 31,2018	
	% of Holding	No. of shares	% of Holding	No. of shares
Reliance Vanco Group Limited	100	1,40,000	100	1,40,000

c) Term/Rights attached to the shares

The Company has ordinary Shares having a par value of CNY 1 each. Each Shareholder 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.

d) Reconciliation of shares outstanding at the beginning and at the end of the year

	As at 31st March 2019		As at 31st March 2018	
	No. of shares	Amount	No. of shares	Amount
Ordinary Shares				
Balance as at the beginning of the year	1,40,000	1,15,51,305	1,40,000	1,17,71,744
Add: Movement during the year	-	-	-	-
At the end of the year	<u>1,40,000</u>	<u>1,15,51,305</u>	<u>1,40,000</u>	<u>1,17,71,744</u>

Vanco Shanghai Co Limited**Notes on Accounts to the Balance Sheet and Statement of Profit and Loss as on March 31,2019**

Particulars	(Amount in ₹)	
	As at Mar 31,2019	As at Mar 31,2018
2.05 Reserves and Surplus		
Surplus (Deficit) in the statement of P & L		
Balance as at the beginning of the year	(1,53,26,627)	(1,54,86,426)
Profit / (Loss) for the Year	(1,23,822)	1,59,799
Balance as at the end of the Year	(1,54,50,449)	(1,53,26,627)
Foreign Currency Translation Reserve	2,04,815	(85,390)
Total	(1,52,45,634)	(1,54,12,017)
2.06 Trade Payables		
Trade Payables	21,41,522	18,81,574
Total	21,41,522	18,81,574
2.07 Other Financial Liabilities		
Payable to Related Party	50,13,876	32,36,194
Total	50,13,876	32,36,194
2.08 Current Tax Liabilities (Net)		
Provision for Tax	83,263	84,828
Total	83,263	84,828

Vanco Shanghai Co Limited
Notes on accounts to the Balance Sheet and Statement of Profit and Loss as on Mar 31,2019

(Amount in ₹)

Particulars	For the Period Ended Mar 31,2019	For the Period Ended Mar 31,2018
2.09 Revenue from Operations		
Enterprise Value Added Services	12,10,036	30,09,594
Total	12,10,036	30,09,594
2.10 Other Income		
Interest Income	1,748	2,844
Gain on Foreign Exchange Fluctuation	-	45,198
Miscellaneous Income	8,10,326	-
Total	8,12,074	48,042
2.11 Network Operating Expenses		
Network Operating Expenses	-	-
Total	-	-
2.12 Employee Benefits Expense		
Salaries, Wages and Bonus	-	-
Contribution to Provident, Gratuity and Superannuation Fund	-	-
Employee Welfare and Other Amenities	-	-
Total	-	-
2.13 Depreciation & Amortization		
Depreciation & Amortization	-	-
Total	-	-
2.14 Other Expenses		
Rates and Taxes	-	4,99,056
Professional Fees	18,83,048	14,22,972
Bank Charges	5,244	9,326
Foreign Exchange Gain/Loss (Net)	1,79,474	-
Miscellaneous	78,166	68,174
	21,45,932	19,99,528
Payment to Auditors	-	8,62,480
Total	21,45,932	28,62,008

Vanco Shanghai Co. Limited

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

2.13 Segment Reporting

The Company has determined its business segment as telecommunication network unit taking into account the nature of services provided, class of customers for the services provided, the differing risks and returns and the internal business reporting systems. Since 100% of the business of Company is from telecommunication network unit, there are no other reportable segments.

The segment revenue, segment result, total carrying amount of segment assets, total amount of segment liabilities, total cost incurred during the year to acquire segments assets, segment depreciation and amortization for the year are reflected within the financial statements of the Company as of and for the year ended March 31, 2019.

Substantial network assets are located across geographic territories and therefore not identifiable to any particular geographical segment.

2.14 Earnings Per Share

		INR except number of shares	
Particulars		Year ended March 31, 2019	Year ended March 31, 2018
A	Profit after Tax	(1,23,822)	1,59,798
B	Weighted average number of share of Euro 1 each used as denominator for calculating Basic and Diluted EPS	1,40,000	1,40,000
C	Basic and Diluted Earnings per Share (A/B)	(0.88)	1.14

2.15 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 = INR 69.155 (March 31, 2018 1 GBP = INR 92.2775) and items relating to profit and loss have been translated at average rate of 1 USD = INR 69.916 and (March 31, 2018 1 GBP = INR 85.5198). The amounts have been converted in INR to comply with the financial reporting requirement in India.

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

2.16 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:

- a) Parties where control exist:
 - i) Reliance Communications Limited
 - ii) Reliance Vanco Group Limited
- b) Enterprises as affiliated companies are:
 - i) Vanco (Asia Pacific) Pte. Limited
 - ii) Reliance Vanco Group Limited

Vanco Shanghai Co. Limited**Notes Forming part of the Financial Statements for the year ended March 31, 2019****c) Sales of services**

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Service Revenue		
Parent company	12,10,016	30,09,594
Fellow subsidiaries	-	-
Total	12,10,016	30,09,594

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

Particulars	As at March 31, 2019	As at March 31, 2018
Due to Related Party		
Parent company		32,36,194
Fellow subsidiaries	50,13,876	-
Total	50,13,876	32,36,194

Particulars	As at March 31, 2019	As at March 31, 2018
Due from Related Party		
Parent company	20,14,762	-
Fellow subsidiaries	-	-
Total	20,14,762	-

2.17 Previous year figure have been regrouped or reclassified wherever necessary.

For Shridhar & Associates

Chartered Accountants

Firm Registration No. : 134427W

For Vanco Shanghai Co. Limited.

Jitendra Sawjany

Partner

Membership Number: 050980

Janet Troxell

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 Vanco Solutions Inc

Report on the Ind AS Financial Statements

Opinion

We have audited the accompanying standalone Ind AS financial statements of **Vanco Solutions 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 2.05 and 2.06 of the notes to the financial statements where the company has negative net worth amounting to INR 18,39,02,403 for the year 2019 and INR 14,92,21,648 for the year 2018 (excluding loss on account of FCTR). The financial statements are prepared under going concern assumption since the ultimate parent company (GCX Limited) will continue to support the company in meeting its liabilities as they fall due within the coming 12 months.

The (GCX Limited) 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 Sawjany
Partner
Membership No.050980

Place: Mumbai
Date: 22nd May 2019

Vanco Solutions Inc.
Balance Sheet as at March 31, 2019

Particulars	Note No.	(Amount in ₹)	
		As at March 31, 2019	As at March 31, 2018
ASSETS			
Current Assets			
Financial Assets			
- Trade Receivables	2.01	31,89,480	2,80,99,606
- Cash and Cash Equivalents	2.02	46,209	1,52,904
- Others	2.03	1,07,23,57,431	33,98,88,023
Other Current Assets	2.04	-	77,34,792
Total Assets		1,07,55,93,120	37,58,75,325
EQUITY AND LIABILITIES			
Equity			
Equity Share Capital	2.05	34,57,750	32,89,508
Other Equity	2.06	(18,88,58,190)	(14,68,76,897)
Total Equity		(18,54,00,440)	(14,35,87,389)
LIABILITIES			
Current Liabilities			
Financial Liabilities			
- Trade Payables	2.07	12,98,869	9,23,513
- Other Financial Liabilities	2.08	1,05,60,84,514	34,34,61,469
Other Current Liabilities	2.09	20,36,10,177	17,50,77,732
Total Liabilities		1,26,09,93,560	51,94,62,714
Total Equity and Liabilities		1,07,55,93,120	37,58,75,325
General Information			
Significant Accounting Policies	1.01		
Notes to financial statements	1.02		
	2		

The accompanying notes form an integral part of the financial statements
As per our report of even date attached

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

For Vanco Solutions Inc

Jitendra Sawjany
Partner
Membership no. 050980

Andrew Goldie
Director

Janet Troxell
Director

Place: Mumbai
Date: 22nd May 2019

Place:
Date: 21st May 2019

Place:
Date: 21st May 2019

Vanco Solutions Inc.
Statement of Profit & Loss Account for the year ended 31 March 2019

Particulars	Note No.	(Amount in ₹)	
		For the Year Ended March 31, 2019	For the Year Ended March 31, 2018
Income			
Revenue from Operations	2.10	92,02,43,046	71,62,09,236
Other Income	2.11	5,66,776	64,96,605
Total Income		92,08,09,822	72,27,05,841
Expenses:			
Network Operating Expenses	2.12	74,39,44,488	60,56,01,133
Other Expenses	2.13	21,17,14,330	18,57,37,592
Total Expenses		95,56,58,818	79,13,38,725
Profit/(Loss) Before exceptional items and tax		(3,48,48,996)	(6,86,32,884)
Exceptional items		-	-
Profit before extraordinary items and tax (V - VI)		(3,48,48,996)	(6,86,32,884)
Extraordinary items		-	-
Profit/(Loss) before tax		(3,48,48,996)	(6,86,32,884)
Tax expense:			
(1) Current tax		-	-
(2) Deferred tax		-	-
Profit/(Loss) for the period		(3,48,48,996)	(6,86,32,884)
Other comprehensive income		-	-
Items that may be subsequently reclassified to statement of profit or loss			
Currency translation		(71,32,297)	(26,46,625)
Total other comprehensive income for the year		(71,32,297)	(26,46,625)
Total comprehensive income for the year		(4,19,81,293)	(7,12,79,509)
Earnings per equity share:	2.15		
(1) Basic		(3,48,490)	(6,86,329)
(2) Diluted		(3,48,490)	(6,86,329)
General Information	1.01		
Significant Accounting Policies	1.02		
Notes to 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 Vanco Solutions Inc

Jitendra Sawjany
Partner
Membership no. 050980

Andrew Goldie
Director

Janet Troxell
Director

Place: Mumbai
Date: 22nd May 2019

Place:
Date: 21st May 2019

Place:
Date: 21st May 2019

Vanco Solutions Inc.
Statement of Cash flows for the year ended March 31, 2019

Particulars	(Amount in ₹)	
	For the year ended March 31, 2019	For the year ended March 31, 2018
A) CASH FLOW FROM OPERATING ACTIVITIES		
Profit before Tax	(3,48,48,996)	(6,86,32,884)
Adjustments for:		
Foreign Currency Translation and exchange movement (net)	(69,64,055)	(26,01,523)
	(4,18,13,051)	(7,12,34,407)
Adjustments for:		
(Decrease)/ Increase in Trade Payables	3,75,356	(96,853)
(Decrease)/ Increase in Other Financial Liabilities	71,26,23,045	(30,33,88,405)
Increase in Other Current Liabilities	2,85,32,445	4,20,19,568
(Increase) in Trade Receivables	2,49,10,126	97,04,731
(Increase)/ Decrease in Other Financial Assets	(73,24,69,408)	33,07,02,109
Decrease /(Increase) in Other Current Assets	77,34,792	(76,78,002)
Cash Generated from Operations	(1,06,695)	28,741
Income Tax (paid) / refund	-	-
Net cash (used in)/generated from operating activities (A)	(1,06,695)	28,741
B) CASH FLOW FROM INVESTING ACTIVITIES		
Net Cash used in Investing Activities (B)	-	-
C) CASH FLOW FROM FINANCING ACTIVITIES		
Net Cash Used In Financing Activities (C)	-	-
Net (Decrease) /Increase in Cash and Cash Equivalents	(1,06,695)	28,741
Opening Balance of Cash and Cash Equivalents	1,52,904	1,24,163
Closing Balance of Cash and Cash Equivalents	46,209	1,52,904

As per our report of even date attached

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

Jitendra Sawjany
Partner
Membership no. 050980

Place : Mumbai
Date:22nd May 2019

For Vanco Solutions Inc.

Andrew Goldie
Director

Janet Troxell
Director

Place:
Date:21st May 2019

Place:
Date:21st May 2019

Vanco Solutions Inc.

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

(Amount in ₹)

Particulars	Equity	Other Equity			Equity attributable to shareholders
	Share Capital	Reserves and Surplus	Other Comprehensive	Total Other Equity	
		Retained Earnings	Foreign Exchange Translation Reserve*		
Balance as at March 31, 2017	32,44,406	(8,38,78,272)	82,80,884	(7,55,97,388)	(7,23,52,982)
Net Profit for the year		(6,86,32,884)	-	(6,86,32,884)	(6,86,32,884)
Currency translation		-	(26,46,625)	(26,46,625)	(26,46,625)
Foreign Exchange Movement	45,102				45,102
Balance as at March 31, 2018	32,89,508	(15,25,11,156)	56,34,259	(14,68,76,897)	(14,35,87,389)
Net Profit for the year		(3,48,48,996)	-	(3,48,48,996)	(3,48,48,996)
Currency translation		-	(71,32,297)	(71,32,297)	(71,32,297)
Foreign Exchange Movement	1,68,242				1,68,242
Balance as at March 31, 2019	34,57,750	(18,73,60,152)	(14,98,038)	(18,88,58,190)	(18,54,00,440)

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

As per our report of even date attached

For Shridhar & Associates

Chartered Accountant

Firm Registration No. 134427W

Jiterndra Sawjany

Partner

Membership no. 050980

Place : Mumbai

Date:22nd May 2019

For Vanco Solutions Inc.

Andrew Goldie

Director

Place:

Date:21st May 2019

Janet Troxell

Director

Place:

Date:21st May 2019

Vanco Solutions Inc.

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

GENERAL INFORMATION

Vanco Solutions Inc. is a virtual Network operator. The Company provides enterprise clients with managed network solutions including the design, integration, implementation, security and management of global corporate networks.

1. 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 principals (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 realisation 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.

Vanco Solutions Inc.

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

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 liability to 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 Translation

(i) Functional Currency and Presentation Currency

Initially, these financial statements are presented in Indian Rupee. Functional currency of the Company is USD.

(ii) Transactions and Balances

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.

Vanco Solutions Inc.

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

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.

c) Financial Instruments

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

(i) 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

Vanco Solutions Inc.

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

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.

(ii) 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.

Vanco Solutions Inc.

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

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 of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the standalone balance sheet if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

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.

Vanco Solutions Inc.

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

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 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) 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

Vanco Solutions Inc.

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

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.

A network contract typically covers the design, supply and installation of the network and thereafter the provision of Packaged Network Solutions. Turnover relating to the initial part of the contract is recognized over the contract implementation period. The remainder of the contract value is recognized evenly over the period of the contract.

To the extent that the recognition differs from the contractual billing terms, either turnover is accrued or amounts billed in advance are treated as deferred income.

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) Unbilled Revenue

Where the Services are performed prior to billing, an accrued income is recognized in unbilled revenue

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 the consolidated financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognised in the period in which the results are known / materialized.

Vanco Solutions Inc.

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

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.

Vanco Solutions Inc.**Notes on accounts to the Balance Sheet and Statement of Profit and Loss for the year ended March 31, 2019**

Particulars	(Amount in ₹)	
	As at March 31, 2019	As at March 31, 2018
NOTE 2.01 Trade Receivables		
Unsecured		
Considered Good	31,89,480	2,80,99,606
Considered Doubtful	-	5,33,364
	31,89,480	2,86,32,970
Less: Provision for Doubtful Debts	-	5,33,364
Total	31,89,480	2,80,99,606
NOTE 2.02 Cash and Cash Equivalents		
Balance with Banks	46,209	1,52,904
Total	46,209	1,52,904
NOTE 2.03 Other Financial Assets		
Group Company Receivable	1,07,23,57,431	33,98,88,023
Total	1,07,23,57,431	33,98,88,023
NOTE 2.04 Other Current Assets		
Unbilled Debtors	-	76,77,211
Balances with Government Authorities	-	57,581
Total	-	77,34,792

Vanco Solutions Inc.

Notes on accounts to the Balance Sheet and Statement of Profit and Loss as on March 31, 2019

	As at March 31, 2019	(Amount in ₹) As at March 31, 2018
NOTE 2.05 Equity Share Capital		
Share Capital		
Authorised		
1,000 (1,000) Ordinary Shares of US \$ 0.1 each	<u>3,45,77,500</u>	<u>3,28,95,080</u>
	<u>3,45,77,500</u>	<u>3,28,95,080</u>
Issued, Subscribed and Paid up:		
100 (100) Ordinary Shares of US \$ 0.1 each fully Paid up	<u>34,57,750</u>	<u>32,89,508</u>
	<u>34,57,750</u>	<u>32,89,508</u>

a) Shares held by Holding Company

	No. of Shares	No. of Shares
Ordinary Shares		
Held by VNO Direct limited	<u>100</u>	<u>100</u>
	<u>100</u>	<u>100</u>

b) Details of shares held by shareholders holding more than 5% of shares in the Company

	As at March 31, 2019		As at March 31, 2018	
Ordinary Shares	% of Holding	No. of Shares	% of Holding	No. of Shares
Held by VNO Direct limited	100%	100	100%	100

c) Terms/ rights attached to equity shares

Ordinary Shares

The Company has Ordinary Shares (shares) having a par value of US \$ 0.10 per share and each holder of Ordinary 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.

d) Reconciliation of share outstanding at the beginning and at the end of the year

	As at March 31, 2019		As at March 31, 2018	
Ordinary Share	No. of Shares	Amount	No. of Shares	Amount
Balance as at the beginning of the year	100	34,57,750	100	32,89,508
Add: Shares issued during the year	-	-	-	-
Balance as at the end of year	<u>100</u>	<u>34,57,750</u>	<u>100</u>	<u>32,89,508</u>

NOTE 2.06 Other Equity

	As at March 31, 2019	As at March 31, 2018
Surplus in retained earnings		
Opening balance	(15,25,11,156)	(8,38,78,272)
Add: Profit/(Loss) for the Year	<u>(3,48,48,996)</u>	<u>(6,86,32,884)</u>
	<u>(18,73,60,152)</u>	<u>(15,25,11,156)</u>
Foreign Currency Translation Reserve	<u>(14,98,038)</u>	<u>56,34,259</u>
Closing Balance	<u>(18,88,58,190)</u>	<u>(14,68,76,897)</u>

Vanco Solutions Inc.**Notes on accounts to the Balance Sheet and Statement of Profit and Loss for the Year Ended March 31, 2019**

Particulars	(Amount in ₹)	
	As at March 31, 2019	As at March 31, 2018
NOTE 2.07 Trade Payables		
Trade Payables		-
Trade Accrual	12,98,869	9,23,513
Total	12,98,869	9,23,513
NOTE 2.08 Other Financial Liabilities		
Group Company Payables	1,05,60,84,514	34,34,61,469
Total	1,05,60,84,514	34,34,61,469
NOTE 2.09 Other Current liabilities		
Other Liabilities	1,38,02,719	
Unearned Income	18,98,07,458	17,50,77,732
Total	20,36,10,177	17,50,77,732

Vanco Solutions Inc.

Notes on accounts to the Balance Sheet and Statement of Profit and Loss for the Year Ended March 31, 2019

Particulars	(Amount in ₹)	
	For the Year Ended March 31, 2019	For the Year Ended March 31, 2018
NOTE 2.10 Revenue from Operations		
Enterprise Value Added Services	81,34,25,831	69,68,75,923
Group Company Revenue	10,68,17,215	1,93,33,313
Total	92,02,43,046	71,62,09,236
NOTE 2.11 Other Income		
Reversal of Provision for Doubtful Debts	5,66,776	63,90,475
Miscellaneous Income	-	1,06,130
Total	5,66,776	64,96,605
NOTE 2.12 Network Operating Expenses		
Network Operating Expenses	74,39,44,488	60,56,01,133
Total	74,39,44,488	60,56,01,133
NOTE 2.13 Other Expenses		
Rates and Taxes	-	-
Legal Fees	55,059	2,37,318
Professional Fees	2,79,384	2,57,928
Bank Charges	34,178	29,675
Bad Debts Written Off		
Information Technology Support		
Provision for Doubtful Debts	-	16,44,804
Sales and Marketing Expenses		
Management Cost Group Recharge	20,89,77,659	15,29,79,280
Contracted Services		
Facility Usage charges		
Foreign Exchange Fluctuation Loss (Net)	19,38,486	3,02,48,389
Foreign Exchange Fluctuation Loss WITH FTGSL		-
Miscellaneous		-
	21,12,84,766	18,53,97,394
Payment to Auditors	4,29,564	3,40,198
Total	21,17,14,330	18,57,37,592

Vanco Solutions Inc.

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

Note 2.14

Segment Reporting

The Company has determined its business segment as telecommunication network unit taking into account the nature of services provided, class of customers for the services provided, the differing risks and returns and the internal business reporting systems. Since 100% of the business of Company is from telecommunication network unit, there are no other reportable segments.

The segment revenue, segment result, total carrying amount of segment assets, total amount of segment liabilities, total cost incurred during the year to acquire segments assets, segment depreciation and amortisation for the year are reflected within the financial statements of the Company as of and for the year ended March 31, 2019.

Substantial network assets are located across geographic territories and therefore not identifiable to any particular geographical segment.

Note 2.15

Earnings per Share

		INR except number of shares	
Particulars		Year ended March 31, 2019	Year ended March 31, 2018
A	Profit/(Loss) attributable to Equity Shareholders	(3,48,48,996)	(6,86,32,884)
B	Weighted average number of share of USD 0.01 each used as denominator for calculating Basic and Diluted EPS	100	100
C	Basic and Diluted Earnings per Share (A/B)	(3,48,490)	(6,86,329)

Note 2.16

Notes to Foreign Exchange Translation Reserve

The amounts relating to Balance Sheet items appearing in Indian Rupees have been translated at Closing Rate of 1 USD = INR 69.155 (March 31, 2018 1 GBP=92.2775) and items relating to profit and loss have been translated at average rate of 1 USD = INR 69.916 (March 31, 2018 1 GBP = INR 85.5198).

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

Note 2.17 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:

a) **Parties where control exists:**

- i) Reliance Communications Limited
- ii) Reliance Vanco Group Limited
- iii) Flag Telecom Group Services Limited
- iv) VNO Direct Limited

b) **Enterprises as affiliated companies are:**

- i) Vanco ROW Limited
- ii) Vanco UK Limited
- iii) Vanco International Limited
- iv) Vanco SAS
- v) Euronet Spain SA
- vi) Vanco Srl
- vii) Vanco GmbH
- viii) Vanco BV
- ix) Vanco US LLC
- x) Vanco Australasia Pty. Limited
- xi) Vanco Sweden AB
- xii) Vanco (Asia Pacific) Pte. Limited
- xiii) Reliance Globalcom Services Inc.
- xiv) Vanco Sp Zoo
- xv) Vanco NV
- xvi) Vanco Global Limited
- xvii) Reliance Vanco Group 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	10,68,17,215	1,93,33,313
Total	10,68,17,215	1,93,33,313

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

(d) **Purchases of services**

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Network Operating Expenses		
Parent company	40,34,03,924	31,18,10,088
Fellow subsidiaries	34,05,40,565	29,37,91,045
Total	74,39,44,489	60,56,01,133

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	1,07,23,57,431	33,98,88,023
Total	1,07,23,57,431	33,98,88,023

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
Due to related parties		
Parent Company	(70,45,30,947)	19,16,64,236
Fellow subsidiaries	(35,15,53,567)	15,17,97,233
Total	(1,05,60,84,514)	34,34,61,469

Vanco Solutions Inc.

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

Note 2.18

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

For Shridhar & Associates

Chartered Accountants

Firm Registration No. 134427W

For Vanco Solutions Inc.

Jitendra Sawjany

Partner

Membership No. 050980

Andrew Goldie

Director

Janet Troxell

Director

Place : Mumbai

Date : 22nd May 2019

Place :

Date : 21st May 2019

Place :

Date : 21st May 2019

Independent Auditors' Report

To the Board of Vanco US LLC

Report on the Ind AS Financial Statements

Opinion

We have audited the accompanying standalone Ind AS financial statements of **Vanco US LLC** ("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 2.06 and 2.07 of the notes to the financial statements where the company has negative net worth amounting to INR 1,27,27,01,476 for the year 2019 and INR 1,28,70,22,727 for the year 2018 (excluding loss on account of FCTR). The financial statements are prepared under going concern assumption since the ultimate parent company (GCX Limited) will continue to support the company in meeting its liabilities as they fall due within the coming 12 months.

The (GCX Limited) 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 Sawjany
Partner
Membership No.050980

Place: Mumbai
Date: 22nd May 2019

Vanco US LLC
Balance Sheet as at March 31, 2019

(Amount in ₹)

Particulars	Note No.	As at March 31, 2019	As at March 31, 2018
ASSETS			
Non-Current Assets			
Property, Plant and Equipment	2.01	78,01,911	31,68,625
Current Assets			
Financial Assets			
- Trade Receivables	2.02	6,99,21,584	7,86,31,041
- Cash and Cash Equivalents	2.03	3,24,97,166	1,21,17,235
- Others	2.04	86,56,16,811	55,77,44,957
Other Current Assets	2.05	2,00,97,605	2,42,42,038
Total Assets		99,59,35,077	67,59,03,896
EQUITY AND LIABILITIES			
Equity			
Equity Share Capital	2.06	14,52,25,500	13,81,59,626
Other Equity	2.07	(1,43,07,55,144)	(1,36,79,70,292)
Total Equity		(1,28,55,29,644)	(1,22,98,10,666)
LIABILITIES			
Current Liabilities			
Financial Liabilities			
- Trade Payables	2.08	21,61,96,171	14,30,81,339
- Other Financial Liabilities	2.09	2,03,27,90,775	1,69,32,26,055
Other Current Liabilities	2.10	3,24,77,775	6,94,07,168
Total Liabilities		2,28,14,64,721	1,90,57,14,562
Total Equity and Liabilities		99,59,35,077	67,59,03,896

General Information	1.01
Significant Accounting Policies	1.02
Notes to 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 Accountant
Firm Registration No. 134427W

For Vanco US LLC

Jitendra Sawjany
Partner
Membership no. 050980

Andrew Goldie
Director

Janet Troxell
Director

Place: Mumbai
Date: 22nd May 2019

Place:
Date: 21st May 2019

Place:
Date: 21st May 2019

Vanco US LLC
Statement of Profit & Loss Account for the year ended 31 March 2019

Particulars	Note No.	(Amount in ₹)	
		For the Year Ended March 31, 2019	For the Year Ended March 31, 2018
INCOME			
Revenue from Operations	2.11	1,22,23,11,268	1,18,34,25,830
Other Income	2.12	30,25,477	2,09,63,493
Total Income		1,22,53,36,745	1,20,43,89,323
Expenses:			
Network Operating Expenses	2.13	1,09,84,04,876	96,78,80,448
Employee Benefits Eexpense	2.14	18,28,94,522	20,64,63,254
Depreciation and Amortization Expense	2.15	30,76,566	11,11,417
Other Expenses	2.16	(6,62,94,598)	19,98,83,523
Total Expenses		1,21,80,81,366	1,37,53,38,642
Profit/(Loss) before tax		72,55,379	(17,09,49,319)
Tax expense:			
(1) Current tax		-	-
(2) Deferred tax		-	-
Profit/(Loss) for the period		72,55,379	(17,09,49,319)
Other comprehensive income		-	-
Items that may be subsequently reclassified to statement of profit or loss			
Currency translation		(7,00,40,231)	(2,03,34,391)
Total other comprehensive income for the year		(7,00,40,231)	(2,03,34,391)
Total comprehensive income for the year		(6,27,84,852)	(19,12,83,710)
Earnings per equity share:	2.18		
(1) Basic		3,454.94	(81,404.44)
(2) Diluted		3,454.94	(81,404.44)
General Information	1.01		
Significant Accounting Policies	1.02		
Notes to 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 Vanco US LLC

Jitendra Sawjany
Partner
Membership no. 050980

Andrew Goldie
Director

Janet Troxell
Director

Place: Mumbai
Date: 22nd May 2019

Place:
Date: 21st May 2019

Place:
Date: 21st May 2019

Vanco US LLC
Statement of Cash flows for the year ended March 31, 2019

Particulars	(Amount in ₹)	
	For the year ended March 31, 2019	For the year ended March 31, 2018
A) CASH FLOW FROM OPERATING ACTIVITIES		
Profit before Tax	72,55,379	(17,09,49,319)
Adjustments for:		
Depreciation and amortisation	30,76,566	11,11,417
Foreign Currency Translation and exchange movement (net)	(6,35,05,409)	(1,84,13,980)
	(5,31,73,464)	(18,82,51,882)
Adjustments for:		
(Decrease)/ Increase in Trade Payables	7,31,14,832	(22,39,80,370)
(Decrease)/ Increase in Other Financial Liabilities	33,95,64,720	(14,70,44,009)
Increase in Other Current Liabilities	(3,69,29,394)	21,45,974
(Increase) in Trade Receivables	87,09,457	(83,72,881)
(Increase)/ Decrease in Other Financial Assets	(30,78,71,854)	52,02,62,207
Decrease /(Increase) in Other Current Assets	41,44,433	(54,09,599)
Cash Generated from Operations	2,75,58,730	(5,06,50,560)
Income tax (paid) / refund	-	-
Net cash (used in)/generated from operating activities (A)	2,75,58,730	(5,06,50,560)
B) CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment and intangible assets (including capital work-in-progress)	(71,78,799)	(42,99,762)
Net Cash used in Investing Activities (B)	(71,78,799)	(42,99,762)
C) CASH FLOW FROM FINANCING ACTIVITIES		
Net Cash Used In Financing Activities (C)	-	-
Net (Decrease) /Increase in Cash and Cash Equivalents	2,03,79,931	(5,49,50,322)
Opening Balance of Cash and Cash Equivalents	1,21,17,235	6,70,67,557
Closing Balance of Cash and Cash Equivalents	3,24,97,166	1,21,17,235

As per our report of even date attached

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

Jitendra Sawjany
Partner
Membership no. 050980

Place : Mumbai
Date:22nd May 2019

For Vanco US LLC

Andrew Goldie
Director

Place:
Date:21st May 2019

Janet Troxell
Director

Place:
Date:21st May 2019

Vanco US LLC

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

(Amount in ₹)

(Amount in ₹)

Particulars	Equity	Other Equity			Equity attributable to shareholders
	Share Capital	Reserves and Surplus	Other Comprehensive Income	Total Other Equity	
		Retained Earnings	Foreign Exchange Translation Reserve*		
Balance as at March 31, 2017	13,62,65,038	(1,25,42,33,034)	7,75,46,452	(1,17,66,86,582)	(1,04,04,21,544)
Net Profit for the year		(17,09,49,319)		(17,09,49,319)	(17,09,49,319)
Currency translation			(2,03,34,391)	(2,03,34,391)	(2,03,34,391)
Foreign Exchange Movement	18,94,588			-	18,94,588
Balance as at March 31, 2018	13,81,59,626	(1,42,51,82,353)	5,72,12,061	(1,36,79,70,292)	(1,22,98,10,666)
Net Profit for the year		72,55,379	-	72,55,379	72,55,379
Currency translation		-	(7,00,40,231)	(7,00,40,231)	(7,00,40,231)
Foreign Exchange Movement	70,65,874			-	70,65,874
Balance as at March 31, 2019	14,52,25,500	(1,41,79,26,974)	(1,28,28,170)	(1,43,07,55,144)	(1,28,55,29,644)

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

As per our report of even date attached

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

For Vanco US LLC

Jiterndra Sawjany
Partner
Membership no. 050980

Andrew Goldie
Director

Janet Troxell
Director

Place : Mumbai
Date:22nd May 2019

Place:
Date:21st May 2019

Place:
Date:21st May 2019

Vanco US LLC

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

GENERAL INFORMATION

Vanco US LLC is a virtual Network operator. The Company provides enterprise clients with managed network solutions including the design, integration, implementation, security and management of global corporate networks.

1. 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 principals (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 realisation 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.

Vanco US LLC

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

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 liability to 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 Translation

(i) Functional Currency and Presentation Currency

Initially, these financial statements are presented in Indian Rupee. Functional currency of the Company is USD.

(ii) Transactions and Balances

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.

Vanco US LLC

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

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.

c) Financial Instruments

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

(i) 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

Vanco US LLC

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

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.

(ii) 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.

Vanco US LLC

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

(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 of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the standalone balance sheet if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

e) 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.

Vanco US LLC

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

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 3 to 20 years
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.

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.

Vanco US LLC

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

h) Share Capital

Ordinary Common Shares are classified as equity.

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 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) 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

Vanco US LLC

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

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.

A network contract typically covers the design, supply and installation of the network and thereafter the provision of Packaged Network Solutions. Turnover relating to the initial part of the contract is recognized over the contract implementation period. The remainder of the contract value is recognized evenly over the period of the contract.

To the extent that the recognition differs from the contractual billing terms, either turnover is accrued or amounts billed in advance are treated as deferred income.

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) Unbilled Revenue

Where the Services are performed prior to billing, an accrued income is recognized in unbilled revenue.

n) Employee Benefits

Eligible employees of the Company are covered by defined contribution pension plan/provident fund scheme. Contribution to the plan/fund is made to the insurance companies/local 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.

Vanco US LLC

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

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 the consolidated financial statements and the reported amount of revenues and expenses during the reporting period.

Difference between the actual results and estimates are recognised in the period 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.

Vanco US LLC

Notes on accounts to the Balance Sheet and Statement of Profit and Loss for the Year Ended March 31, 2019

NOTE 2.01 Property, Plant and Equipment

(Amount in ₹)

Particulars	Computer Equipments	Leasehold Improvements	Furniture & Fixtures	Networking Equipments	Total
Gross carrying value					
As at April 1, 2018	1,07,31,689	-	14,858	42,99,762	1,50,46,309
Additions		3,35,402		71,78,799	75,14,201
Exchange differences	5,48,829		771	2,19,934	7,69,534
As at March 31, 2019	1,12,80,518	3,35,402	15,629	1,16,98,495	2,33,30,044
Accumulated depreciation					
As at April 1, 2018	1,07,31,689	-	13,655	11,32,337	1,18,77,681
Depreciation for the year		78,967	1,310	29,96,289	30,76,566
Exchange differences	5,48,829	(860)	664	25,253	5,73,886
As at March 31, 2019	1,12,80,518	78,107	15,629	41,53,879	1,55,28,133
Closing net carrying value as at March 31, 2019	-	2,57,295	-	75,44,616	78,01,910
Gross carrying value as at March 31, 2019	1,12,80,518	3,35,402	15,629	1,16,98,495	2,33,30,044
Accumulated depreciation	1,12,80,518	78,107	15,629	41,53,879	1,55,28,133
Closing net carrying value as at March 31, 2019	-	2,57,295	-	75,44,616	78,01,911
Particulars	Computer Equipments		Furniture & Fixtures	Networking Equipments	Total
Gross carrying value					
As at April 1, 2017	1,05,84,506		14,664	-	1,05,99,170
Additions				42,99,762	42,99,762
Exchange differences	1,47,183		193	-	1,47,376
As at March 31, 2018	1,07,31,689		14,857	42,99,762	1,50,46,308
Accumulated depreciation					
As at April 1, 2017	1,05,84,506		8,561	-	1,05,93,067
Depreciation for the year			4,875	11,06,542	11,11,417
Exchange differences	1,47,183		221	25,795	1,73,199
As at March 31, 2018	1,07,31,689		13,657	11,32,337	1,18,77,683
Closing net carrying value as at March 31, 2018	-		1,200	31,67,425	31,68,625
Gross carrying value as at March 31, 2018	1,07,31,689		14,857	42,99,762	1,50,46,308
Accumulated depreciation	1,07,31,689		13,657	11,32,337	1,18,77,683
Closing net carrying value as at March 31, 2018	-		1,200	31,67,425	31,68,625

Vanco US LLC**Notes on accounts to the Balance Sheet and Statement of Profit and Loss for the Year Ended March 31, 2019**

Particulars	(Amount in ₹)	
	As at March 31, 2019	As at March 31, 2018
NOTE 2.02 Trade Receivables		
Unsecured		
Considered Good	6,99,21,584	7,86,31,041
Considered Doubtful	86,95,072	42,13,391
	<u>7,86,16,656</u>	<u>8,28,44,432</u>
Less: Provision for Doubtful Debts	86,95,072	42,13,391
Total	<u><u>6,99,21,584</u></u>	<u><u>7,86,31,041</u></u>
NOTE 2.03 Cash and Cash Equivalents		
Balance with Banks	3,24,97,166	1,21,17,235
Total	<u><u>3,24,97,166</u></u>	<u><u>1,21,17,235</u></u>
NOTE 2.04 Other Financial Assets		
Group Company Receivables	86,56,16,811	55,77,44,957
Deposits-Others	-	-
Total	<u><u>86,56,16,811</u></u>	<u><u>55,77,44,957</u></u>
NOTE 2.05 Other Current Assets		
Prepaid Expenses	2,00,97,605	1,99,08,317
Unbilled Debtors	-	43,33,721
Total	<u><u>2,00,97,605</u></u>	<u><u>2,42,42,038</u></u>

Vanco US LLC
Notes on accounts to the Balance Sheet and Statement of Profit and Loss for the Year Ended March 31, 2019

Particulars	(Amount in ₹)	
	As at March 31, 2019	As at March 31, 2018

NOTE 2.06 Equity Share Capital
Share Capital
Authorised

2100 (2100) Ordinary Shares of US \$ 1000 each

14,52,25,500	13,81,59,626
<u>14,52,25,500</u>	<u>13,81,59,626</u>

Issued, Subscribed and Paid up:

2100 (2100) Ordinary Shares of US \$ 1000 each fully Paid up

14,52,25,500	13,81,59,626
<u>14,52,25,500</u>	<u>13,81,59,626</u>

a) Shares held by Holding Company
Ordinary Shares

Held by VNO Direct limited

No. of Shares	No. of Shares
2,100	2,100
<u>2,100</u>	<u>2,100</u>

b) Details of shares held by shareholders holding more than 5% of shares in the Company
Ordinary Shares

Held by VNO Direct limited

As at March 31, 2019		As at March 31, 2018	
% of Holding	No. of Shares	% of Holding	No. of Shares
100%	2,100	100%	2,100

c) Terms/ rights attached to equity shares
Ordinary Shares

The Company has Ordinary Shares (shares) having a par value of US \$ 1000 per share and each holder of Ordinary 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.

Global cloudXChange limited (a ultimate holding company) had issued 7 % senior secured noted of USD 350 Millions. These Notes are guaranteed by Reliance Vanco Group limited and its material subsidiaries and secured by way of a pledge of Ordinary shares.

d) Reconciliation of share outstanding at the beginning and at the end of the year
Ordinary Share

Balance as at the beginning of the year
Add: Shares issued during the year
Balance as at the end of year

As at March 31, 2019		As at March 31, 2018	
No. of Shares	Amount	No. of Shares	Amount
100	14,52,25,500	100	13,81,59,626
-	-	-	-
<u>100</u>	<u>14,52,25,500</u>	<u>100</u>	<u>13,81,59,626</u>

NOTE 2.07 Other Equity
Surplus in retained earnings

Opening balance

Add: Profit/(Loss) for the Year

Foreign Currency Translation Reserve

Total

As at March 31, 2019	As at March 31, 2018
(1,42,51,82,353)	(1,25,42,33,034)
<u>72,55,379</u>	<u>(17,09,49,319)</u>
(1,41,79,26,974)	(1,42,51,82,353)
<u>(1,28,28,170)</u>	<u>5,72,12,061</u>
<u>(1,43,07,55,144)</u>	<u>(1,36,79,70,292)</u>

Vanco US LLC**Notes on accounts to the Balance Sheet and Statement of Profit and Loss for the Year Ended March 31, 2019**

(Amount in ₹)

Particulars	As at	As at
	March 31, 2019	March 31, 2018
NOTE 2.08 Trade Payables - Current		
Trade Payables	13,00,71,621	9,35,98,175
Trade Accruals	8,61,24,550	4,94,83,164
Total	21,61,96,171	14,30,81,339
NOTE 2.09 Other Financial Liabilities		
Employee Benefits Payable	1,65,50,118	2,16,50,609
Group Company Payables	2,01,62,40,657	1,67,15,75,446
Total	2,03,27,90,775	1,69,32,26,055
NOTE 2.10 Other Current liabilities		
Unearned Income	1,92,85,495	5,29,21,608
Statutory Dues Payable	24,75,938	19,27,308
Provision for Leave Encashment	1,07,16,342	1,45,58,252
Total	3,24,77,775	6,94,07,168

Vanco US LLC
Notes on accounts to the Balance Sheet and Statement of Profit and Loss for the Year Ended March 31, 2019

Particulars	(Amount in ₹)	
	For the Year Ended March 31, 2019	For the Year Ended March 31, 2018
NOTE 2.11 Revenue from Operations		
Enterprise Value Added Services	1,22,23,11,268	1,18,34,25,830
Total	1,22,23,11,268	1,18,34,25,830
NOTE 2.12 Other Income		
Gain on Foreign Exchange Fluctuation	-	-
Reversal of Excess Provisions	30,25,477	2,09,63,493
Total	30,25,477	2,09,63,493
NOTE 2.13 Network Operating Expenses		
Network Operating Expenses	1,09,84,04,876	96,78,80,448
Total	1,09,84,04,876	96,78,80,448
NOTE 2.14 Employee Benefits Eexpense		
Salaries, Wages and Bonus	18,09,57,491	20,46,66,909
Contribution to Provident, Gratuity and Superannuation Fund	18,84,348	17,56,151
Employee Welfare and Other Amenities	52,683	40,194
Total	18,28,94,522	20,64,63,254
NOTE 2.15 Depreciation & Amortization		
Depreciation & Amortization	30,76,566	11,11,417
Total	30,76,566	11,11,417
NOTE 2.16 Other Expenses		
Rent	-	-
Insurance	12,26,262	6,05,481
Rates and Taxes	2,87,80,981	1,02,18,944
Legal Fees	1,03,25,575	1,52,76,505
Professional Fees	42,18,025	47,51,229
Travel and Entertainment	36,84,143	40,66,643
Communication	2,38,033	15,06,519
Bank Charges	4,55,086	3,19,673
Information Technology Support	82,78,592	75,64,748
Provision for Doubtful Debts	43,13,103	13,96,112
Management Cost Group Recharge	(4,72,85,247)	(4,19,03,126)
Repairing & Maintances Others	-	-
Foreign Exchange Fluctuation Realised Gain/Loss Net	2,52,823	(3,12,234)
Foreign Exchange Fluctuation Unrealised Gain/Loss Net	(65,608)	1,05,189
Foreign Exchange Fluctuation Gain/Loss Net-Interco	(8,23,92,580)	19,40,99,557
Miscellaneous	8,61,483	15,14,301
	(6,71,09,329)	19,92,09,541
Payment to Auditors	8,14,731	6,73,982
Total	(6,62,94,598)	19,98,83,523

Vanco US LLC

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

Note 2.17

Segment Reporting

The Company has determined its business segment as telecommunication network unit taking into account the nature of services provided, class of customers for the services provided, the differing risks and returns and the internal business reporting systems. Since 100% of the business of Company is from telecommunication network unit, there are no other reportable segments.

The segment revenue, segment result, total carrying amount of segment assets, total amount of segment liabilities, total cost incurred during the year to acquire segments assets, segment depreciation and amortization for the year are reflected within the financial statements of the Company as of and for the year ended March 31, 2019.

Substantial network assets are located across geographic territories and therefore not identifiable to any particular geographical segment.

Note 2.18

Earnings per Share

		INR except number of shares	
Particulars		Year ended March 31, 2019	Year ended March 31, 2018
A	Profit/(Loss) attributable to Equity Shareholders	72,55,379	(17,09,49,319)
B	Weighted average number of share of USD 1000 each used as denominator for calculating Basic and Diluted EPS	2,100	2,100
C	Basic and Diluted Earnings per Share (A/B)	3454.94	(81,404.44)

Note 2.19

Notes to Foreign Exchange Translation Reserve

The amounts relating to Balance Sheet items appearing in Indian Rupees have been translated at Closing Rate of 1 USD = INR 69.155 (March 31, 2018 1 GBP=92.2775) and items relating to profit and loss have been translated at average rate of 1 USD = INR 69.916 (March 31, 2018 1 GBP = INR 85.5198).

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

Vanco US LLC**Notes on accounts to the Balance Sheet and Statement of Profit and Loss for the Year Ended March 31, 2019****Note 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:

(a) Parties where control exist:

- i) Reliance Communications Limited
- ii) Reliance Vanco Group Limited
- iii) Flag Telecom Group Services Limited
- iv) Global Cloud XChange limited
- v) VNO Direct limited

(b) Enterprises as affiliated companies are:

- i) Vanco ROW Limited
- ii) Vanco UK Limited
- iii) Vanco Global Limited
- iv) Vanco Deutschland GMBH
- v) Euronet Spain SA
- vi) Vanco Srl
- vii) Vanco GmbH
- viii) Vanco BV
- ix) Vanco Australasia Pty Limited
- x) Vanco Solutions Inc
- xi) Vanco Sweden AB
- xii) Vanco (Asia Pacific) Pte. Limited
- xiii) Vanco NV
- xiv) Vanco Japan KK
- xv) Vanco International Limited
- xvi) Vanco BV
- xvii) Vanco SAS
- xix) Reliance Globalcom Limited
- xx) Reliance FLAG Telecom Ireland DAC
- xxi) FLAG Telecom Network USA 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	4,01,751	57,10,06,117
Total	4,01,751	57,10,06,117

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	5,13,27,373	4,06,73,350
Fellow subsidiaries	6,96,38,364	39,95,50,244
Total	12,09,65,737	44,02,23,594

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

Vanco US LLC**Notes on accounts to the Balance Sheet and Statement of Profit and Loss for the Year Ended March 31, 2019****Note 2.20 Related Party Transactions****(e) Year-end balances arising from sales/purchases of services**

The receivables from related parties arise mainly from sales transactions and are due 1-2 months after the

Particulars	As at March 31, 2019	As at March 31, 2018
Due to related parties		
Parent company	1,53,00,38,331	1,58,10,86,952
Fellow subsidiaries	48,62,02,251	9,04,88,494
Total	2,01,62,40,582	1,67,15,75,446

Particulars	As at March 31, 2019	As at March 31, 2018
Due from related parties		
Parent company	-	32,88,41,122
Fellow subsidiaries	86,56,16,736	22,89,03,835
Total	86,56,16,736	55,77,44,957

Vanco US LLC

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

Note 2.21

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

For Shridhar & Associates

Chartered Accountants

Firm Registration No. 134427W

For Vanco US LLC

Jitendra Sawjany

Partner

Membership No. 050980

Andrew Goldie

Director

Janet Troxell

Director

Place : Mumbai

Date : 22nd May 2019

Place :

Date : 21st May 2019

Place :

Date : 21st May 2019

Independent Auditors' Report

To the Board of Vanco Switzerland AG

Report on the Ind AS Financial Statements

Opinion

We have audited the accompanying standalone Ind AS financial statements of **Vanco Switzerland AG** ("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 Sawjany
Partner
Membership No.050980

Place: Mumbai
Date: 22nd May 2019

Vanco Switzerland A.G
Balance Sheet as at March 31, 2019

		(Amount in ₹)	
Particulars	Note No	As at March 31, 2019	As at March 31, 2018
ASSETS			
Current Assets			
(a) Financial Assets			
(i) Cash and Cash Equivalents	2.01	1,77,161	8,08,812
(ii) Others	2.02	8,38,05,009	8,33,04,620
(b) Current Tax Assets (Net)	2.03	3,61,472	3,58,774
(c) Other Current Assets	2.04	4,26,226	28,237
Total Assets		8,47,69,868	8,45,00,443
EQUITY AND LIABILITIES			
Equity			
(a) Equity Share Capital	2.05	83,33,018	68,91,007
(b) Other Equity	2.06	7,60,81,345	7,62,92,359
Total Equity		8,44,14,363	8,31,83,366
LIABILITIES			
Current liabilities			
(a) Financial Liabilities			
(i) Trade Payables	2.07	3,55,505	13,17,077
(b) Current Tax Liabilities (Net)	2.08	-	-
Total current liabilities		3,55,505	13,17,077
Total Equity and Liabilities		8,47,69,868	8,45,00,443
General Information	1.01		
Significant Accounting Policies	1.02		
Notes to 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 Accountant
Firm Regn. No 134427W

For Vanco Switzerland A.G.

Jiterndra Swajiany
Partner
Membership no. 050980

Andrew Goldie
Director

Andreas Casutt
Director

Place : Mumbai
Date :22nd May 2019

Place:
Date: 21st May 2019

Place:
Date: 21st May 2019

Vanco Switzerland A.G
Statement of Profit & loss for the period ended March 31, 2019

		(Amount in ₹)	
Particulars	Note No	For the Year Ended March 31, 2019	For the Year Ended March 31, 2018
REVENUE			
Revenue from Operations	2.09	16,22,503	33,60,330
Other Income	2.10	1,72,771	8,51,606
Total Revenue		17,95,274	42,11,936
EXPENSES			
Network Operating Expenses	2.11	7,00,842	7,69,592
Employee Benefits Expense		-	-
Finance costs		-	-
Depreciation and Amortization Expense			
Other Expenses	2.12	10,21,348	32,01,520
Total Expenses		17,22,190	39,71,112
Profit before exceptional and extraordinary items and tax (III - IV)		73,084	2,40,824
Exceptional items		-	-
Profit before extraordinary items and tax (V - VI)		73,084	2,40,824
Extraordinary items		-	-
Profit before tax (VII- VIII)		73,084	2,40,824
Tax expense:			
(1) Current tax/(Refund)	2.13	(5,26,027)	(3,65,084)
(2) Deferred tax		-	-
Profit (Loss) for the period from continuing operations		5,99,111	6,05,908
Other comprehensive income			
(Items that may be subsequently reclassified to statement of profit or loss)			
Currency translation		5,54,140	42,87,078
Total other comprehensive income for the year		11,53,251	48,92,986
Earnings per equity share:			
(1) Basic	2.15	599.11	605.91
(2) Diluted	2.15	599.11	605.91
General Information	1.01		
Significant Accounting Policies	1.02		
Notes to 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 Accountant
Firm Regn. No 134427W

Jiterndra Swajiany
Partner
Membership no. 050980

Place : Mumbai
Date :22nd May 2019

For Vanco Switzerland A.G.

Andrew Goldie
Director

Andreas Casutt
Director

Place:
Date: 21st May 2019

Place:
Date: 21st May 2019

Vanco Switzerland A.G
Statement of Cash Flow for the year ended March 31 , 2019

(Amount in ₹)

Particulars	For the period ended 31 March, 2019	For the period ended 31 March, 2018
A CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit /(Loss) before tax as per Statement of Profit and Loss	73,084	2,40,824
Adjusted for:		
Foreign Currency Translation and exchange movement (net)	20,10,050	48,79,234
	20,83,134	51,20,058
Operating Profit / (Loss) before Working Capital Changes		
Adjusted for:		
(Increase)/ Decrease in Other Financial Assets	(5,00,389)	(65,08,620)
(Increase)/ Decrease in Other Current Assets	(3,97,989)	16,36,479
Increase/(Decrease) in Trade Payables	(9,61,572)	(10,57,138)
	(18,59,950)	(59,29,279)
Cash Generated from Operations	2,23,184	(8,09,221)
Tax Refund		-
Tax Paid	(8,54,835)	(1,847)
Net Cash from / (used in) Operating Activities	(6,31,651)	(8,11,068)
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)	(6,31,651)	(8,11,068)
Opening Balance of Cash and Cash Equivalents	8,08,812	16,19,880
Closing Balance of Cash and Cash Equivalents	1,77,161	8,08,812

As per our report of even date attached

For Shridhar & Associates
Chartered Accountants
Regn. No. 134427W

For Vanco Switzerland A.G.

Jiterndra Swajiany
Partner
Membership no. 050980

Andrew Goldie
Director

Andreas Casutt
Director

Place : Mumbai
Date: 22nd May 2019

Place:
Date: 21st May 2019

Place:
Date: 21st May 2019

Vanco Switzerland A.G
Statement of changes in equity for the year ended March 31, 2019

(Amount in ₹)

Particulars	Equity	Reserves and Surplus			Other Comprehensive Income	Total Other Equity	Total Equity
	Equity Share Capital	Securities Premium Reserve	Other Reserve	Retained Earnings	Exchange Fluctuation Reserve*		
Balance as at 01.04.2017	64,85,690	16,93,414	12,97,138	6,91,76,358	(9,54,376)	7,12,12,534	7,76,98,224
Surplus/ (Deficit) of Statement of Profit and Loss	-	-	-	6,05,908	-	6,05,908	6,05,908
Foreign Exchange Movement	4,05,317	1,05,813	81,026	-	-	1,86,839	5,92,156
Currency translation	-	-	-	-	42,87,078	42,87,078	42,87,078
Balance as at 31.03.2018	68,91,007	17,99,227	13,78,164	6,97,82,266	33,32,702	7,62,92,359	8,31,83,366
Surplus/ (Deficit) of Statement of Profit and Loss	-	-	-	5,99,111	-	5,99,111	5,99,111
Foreign Exchange Movement	14,42,011	13,899	(13,78,164)	-	-	(13,64,265)	77,746
Currency translation	-	-	-	-	5,54,140	5,54,140	5,54,140
Balance as at 31.03.2019	83,33,018	18,13,126	-	7,03,81,377	38,86,842	7,60,81,345	8,44,14,363

*Exchange Fluctuation Reserve: Exchange differences on translating the financial statements of a foreign operation

As per our report of even date attached

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

For Vanco Switzerland A.G.

Jitendra Sawjany

Membership No : 050980

Place : Mumbai
Date : 22nd May 2019

Andrew Goldie
Director

Andreas Casutt
Director

Place :
Date :21st May 2019

Place :
Date :21st May 2019

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

1.01 GENERAL INFORMATION

Vanco Switzerland A.G is a virtual Network operator. The Company provides enterprise clients with managed network solutions including the design, integration, implementation, security and management of global corporate networks. The Company provides IT Outsourcers enabling the sub-contract of the above service package as part of a wider IT outsourcing solution.

Vanco Switzerland A.G is asset-light, instead purchasing infrastructure from the hundreds of carriers globally, the company get the best prices for clients, design a solution using the most appropriate technology to meet customers' global requirements, and is 100% focused on delivering the highest quality customer service.

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

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

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 recognize a liability to 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 Translation

(i) Functional Currency and Presentation Currency

Initially, these financial statements are presented in Indian Rupee. Functional currency of the Company is CHF.

(ii) Transactions and Balances

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..

c) Financial Instruments

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

(i) 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 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.

(ii) 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) 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.

e) Share Capital

Ordinary Common Shares are classified as equity.

f) Trade payables

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

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 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 recognised 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 reassesses unrecognised deferred tax asset if any.

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

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.

A network contract typically covers the design, supply and installation of the network and thereafter the provision of Packaged Network Solutions. Turnover relating to the initial part of the contract is recognized over the contract implementation period. The remainder of the contract value is recognized evenly over the period of the contract.

To the extent that the recognition differs from the contractual billing terms, either turnover is accrued or amounts billed in advance are treated as deferred income.

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) Unbilled Revenue

Where the Services are performed prior to billing, an accrued income is recognized in unbilled revenue

l) Employee Benefits

Eligible employees of the Company are covered by defined contribution pension plan/provident fund scheme. Contribution to the plan/fund is made to the insurance

Companies/local 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.

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 company reporting package and the reported amount of revenues and expenses during the reporting period.

Difference between the actual results and estimates are recognized in the period 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.

Vanco Switzerland A.G
Notes Forming part of the Financial Statements for the year ended March 31, 2019

Notes	Particulars	(Amount in ₹)	
		As at March 31, 2019	As at March 31, 2018
2.01 Cash and Cash Equivalent			
	Balance with Banks		
	- Current Accounts	1,77,161	8,08,812
	Total	1,77,161	8,08,812
2.02 Others Current Financial Asset			
	Due from Related Parties - Net	8,38,05,009	8,33,04,620
	Considered doubtful	-	-
		8,38,05,009	8,33,04,620
	Less: Provision for doubtful advances	-	-
	Total	8,38,05,009	8,33,04,620
2.03 Current Tax Assets (Net)			
	Advance Tax and Tax deducted at source	3,61,472	3,58,774
	Total	3,61,472	3,58,774
2.04 Other Current Assets			
	Prepaid Expenses	3,12,488	
	Unbilled Debtors	-	-
	Balances with Government Authorities	1,13,738	28,237
	Advances from Vendors	-	-
	Others		
	Total	4,26,226	28,237

Vanco Switzerland A.G
Notes Forming part of the Financial Statements for the year ended March 31, 2019

	As at March 31, 2019	(Amount in ₹) As at March 31, 2018
Note 2.05 Equity Share Capital		
Share Capital		
Authorised		
1000 (1000) Ordinary Shares @CHF 100 per share	83,33,018	68,91,007
	<u>83,33,018</u>	<u>68,91,007</u>
Issued, Subscribed and Paid up:		
1000 (1000) Ordinary Shares @CHF 100 per share	83,33,018	68,91,007
	<u>83,33,018</u>	<u>68,91,007</u>

a) Shares held by Holding Company and Subsidiary of Holding Company

	% of Holding	No. of Shares	% of Holding	No. of Shares
Ordinary Shares				
Vanco Global Limited	100	1,000	100	1,000
	<u>100</u>	<u>1,000</u>	<u>100</u>	<u>1,000</u>

b) Details of shares held by shareholders holding more than 5% of the aggregate shares in the Company

	% of Holding	No. of Shares	% of Holding	No. of Shares
Ordinary Shares				
Vanco Global Limited	100	1,000	100	1,000

c) Rights, Preferences and Restriction attached to the shares
A) Ordinary Shares

The Company has Ordinary Shares (shares) having a par value of CHF 100 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.

d) Reconciliation of share outstanding at the beginning and at the end of March 31, 2019

Ordinary Share	No. of Shares	Amount	No. of Shares	Amount
Balance as at the beginning of the year	1,000	83,33,018	1,000	68,91,007
Add: Shares issued during the year	-	-	-	-
Balance as at the end of March 31, 2019	<u>1,000</u>	<u>83,33,018</u>	<u>1,000</u>	<u>68,91,007</u>

	As at March 31, 2019	As at March 31, 2018
Note 2.06 Other Equity		
General Reserve	-	13,78,164
Securities Premium Reserve	18,13,126	17,99,227
Exchange Fluctuation Reserve	38,86,842	33,32,702
Retained Earnings		
Opening Balance	6,97,82,266	6,91,76,358
Add: Surplus/ (Deficit) of Statement of Profit and Loss	<u>5,99,111</u>	<u>6,05,908</u>
	<u>7,60,81,345</u>	<u>7,62,92,359</u>

Vanco Switzerland A.G**Notes Forming part of the Financial Statements for the year ended March 31, 2019**

		(Amount in ₹)	
Notes	Particulars	As at	As at
		March 31, 2019	March 31, 2018
2.07 Trade Payables			
	Trade Payables	3,55,505	13,17,077
	Total	3,55,505	13,17,077
2.08 Current Tax Liabilities (Net)			
	Provision For Income Tax	-	-
	Total	-	-

Notes	Particulars	(Amount in ₹)	
		For the Year Ended March 31, 2019	For the Year Ended March 31, 2018
2.09 Revenue from Operations			
	Enterprise Value Added Services	16,22,503	33,60,330
	Total	16,22,503	33,60,330
2.10 Other Income			
	Gain on Foreign Exchange Fluctuation	-	8,210
	Reversal of Excess Provisions	-	7,30,852
	Miscellaneous Income	1,72,771	1,12,544
	Total	1,72,771	8,51,606
2.11 Network Operating Expenses			
	Network Operating Expenses	7,00,437	7,69,592
	Intercompany Cost	405	-
	Transfer Pricing Cost	-	-
	Total	7,00,842	7,69,592
2.12 Sales and General Administration Expenses			
	Rent	-	-
	Rates and Taxes	-	15,96,911
	Legal Fees	4,23,652	4,97,554
	Professional Fees	4,79,395	10,93,286
	Travel and Entertainment	-	-
	Licensing and Regulatory Fees	23,536	-
	Bank Charges	59,895	13,769
	Intercompany Cost	29,013	-
	Contracted Services	-	-
	Facility Usage charges	-	-
	Foreign Exchange Fluctuation Realised Gain/Loss Net	5,857	-
	Miscellaneous	-	-
		10,21,348	32,01,520
	Payment to Auditors	-	-
	Total	10,21,348	32,01,520
2.13 Provision for Income Tax			
	Excess Provision for Income Tax-Earlier Years written back	-	-
	Provision for Income Tax-Current year	5,26,027	3,65,084
	Total	5,26,027	3,65,084

Vanco Switzerland A.G

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

Note 2.14

Segment Reporting

The Company has determined its business segment as telecommunication network unit taking into account the nature of services provided, class of customers for the services provided, the differing risks and returns and the internal business reporting systems. Since 100 % of the business of Company is from telecommunication network unit, there are no other reportable segments.

The segment revenue, segment result, total carrying amount of segment assets, total amount of segment liabilities, total cost incurred during the year to acquire segments assets, segment depreciation and amortisation for the year are reflected within the financial statements of the Company as of and for the year ended March 31, 2019.

Substantial network assets are located across geographic territories and therefore not identifiable to any particular geographical segment.

Note 2.15

Earnings Per Share

		INR except number of shares	
Particulars		Year ended March 31, 2019	Year ended March 31, 2018
A	Profit attributable to Equity Shareholders	5,99,911	6,05,908
B	Weighted average number of share of GBP 1 each used as denominator for calculating Basic and Diluted EPS	1000	1000
C	Basic and Diluted Earnings per Share (A/B)	599.11	605.91

Note 2.16

Notes to Foreign Exchange Translation Reserve

The amounts relating to Balance Sheet items appearing in Indian Rupees have been translated at Closing Rate of 1 USD = INR 69.155 (March 31, 2018 1 GBP=92.2775) and items relating to profit and loss have been translated at average rate of 1 USD = INR 69.916 (March 31, 2018 1 GBP = INR 85.5198).

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

2.17 Related Party Transactions

List of related parties:

Where control exists

- (a) Parent Company
 - i) Reliance Communications Limited (ultimate parent company)
 - ii) Reliance Vanco Group Limited (parent company)

- (b) Related parties (Felllow subsidiaries) with whom transactions have taken place
 - i) Reliance Globalcom Limited, Bermuda
 - ii) Reliance FLAG Telecom Ireland Limited
 - iii) Vanco Australasia Pty Limited
 - iv) Vanco Asia Pacific Pte Limited
 - v) Vanco Japan KK
 - vi) Vanco (Shanghai) Co Ltd
 - vii) Reliance Vanco Group Limited
 - viii) Vanco UK Limited
 - ix) Vanco Global Limited
 - x) Vanco ROW Limited
 - xi) Vanco International Limited
 - xii) VNO Direct Limited
 - xiii) Vanco GmbH
 - xiv) Vanco Deutschland GMBH
 - xv) Vanco SAS
 - xvi) Vanco NV
 - xvii) Vanco Srl
 - xviii) Euronet Spain SA
 - xix) Vanco Euronet SP Zoo
 - xx) Vanco BV
 - xxi) Vanco South America Ltda
 - xxii) Net Direct SA (proprietary) Limited
 - xxiii) Vanco US LLC
 - xxiv) Vanco Solutions Inc

Vanco Switzerland A.G

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

Note 2.18

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

For Shridhar & Associates

Chartered Accountants

Firm Registration No. 134427W

Vanco Switzerland A.G

Jitendra Sawjany

Partner

Membership No. 050980

Andrew Goldie

Director

Andreas Casutt

Director

Place : Mumbai

Date : 24th May 2018

Place :

Date : 21st May 2018

Place :

Date : 21st May 2018

Independent Auditor's Report

To the Members of Towercom Infrastructure Private Limited

Report on the Standalone Financial Statements

Opinion

We have audited the accompanying Standalone financial statements of Towercom Infrastructure 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 3 of the Companies (Indian Accounting Standards) Rules, 2015.
- 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 23,2019

With reference to the 'Annexure A' referred to in the Independent Auditors' Report to the Members of Towercom Infrastructure 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, 2019 for 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 23, 2019

Towercom Infrastructure Private Limited

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

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 Towercom Infrastructure 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.

Towercom Infrastructure Private Limited

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

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 23,2019

Towercom Infrastructure Private Limited
Balance Sheet as at March 31, 2019

(₹ in thousands)

Particulars	Note No.	As at		As at
		March 31, 2019		March 31, 2018
ASSETS				
Non Current Assets				
(a) Income Tax Assets		7		-
(b) Mat Credit		6		-
Current assets				
(a) Financial assets				
(i) Cash and cash equivalents	2.01	1,204		1,230
(b) Other current assets	2.02	<u>154</u>		<u>88</u>
Total current assets			<u>1,358</u>	<u>1,318</u>
Total Assets			<u><u>1,371</u></u>	<u><u>1,318</u></u>
EQUITY AND LIABILITIES				
Equity				
(a) Equity share capital	2.03	100		100
(b) Other equity	2.04	<u>(257)</u>		<u>(287)</u>
Total equity			(157)	(187)
Total comprehensive Profit				
Current liabilities				
(a) Financial liabilities				
(i) Borrowings	2.05	1,490		1,480
(ii) Trade payables	2.06	38		15
(b) Other current liabilities	2.07	<u>-</u>		<u>10</u>
Total current liabilities			<u>1,528</u>	<u>1,505</u>
Total Equity and Liabilities			<u><u>1,371</u></u>	<u><u>1,318</u></u>

Significant Accounting policies

1

Notes on Accounts

2

The Notes referred above form an integral part of the Financial Statement

In terms of our Report of even date

For and on behalf of the Board

For Priti V Mehta & Co

Chartered Accountants

Firm Registration No 129568W

Gaurang Shah

Director

DIN 00004408

Priti V Mehta

Proprietor

Membership No. 130514

Ramanan Laxminarain

Director

DIN 06739382

Place: Mumbai

Dated : May 23, 2019

Towercom Infrastructure Private Limited
Statement of Profit and Loss for the year ended March 31, 2019

			(₹ in thousands)
Particulars	Note No.	For the year ended March 31, 2019	For the period ended March 31, 2018
INCOME			
Income from Operation		-	-
Other Income			
Interest		76	56
		<u>76</u>	<u>56</u>
EXPENSES			
Other expenses	2.08	46	105
Total expenses		<u>46</u>	<u>105</u>
Profit/ (Loss) before Tax		30	(49)
Tax Expenses			
Current Tax		6	-
Less: Mat Credit		(6)	-
Profit/ (Loss) after Tax		<u>30</u>	<u>(49)</u>
Other comprehensive Income /(Loss)		-	-
Total comprehensive Profit		<u>30</u>	<u>(49)</u>
Earning per share	2.11		
Basic (₹)		2.99	(13.25)
Diluted (₹)		2.99	(13.25)

Significant Accounting policies

1

Notes on Accounts

2

The Notes referred above form an integral part of the Financial Statement

In terms of our Report of even date

For and on behalf of the Board

For Priti V Mehta & Co

Chartered Accountants

Firm Registration No 129568W

Gaurang Shah

Director

DIN 00004408

Priti V Mehta

Proprietor

Membership No. 130514

Ramanan Laxminarain

Director

DIN 06739382

Place :Mumbai

Dated : May 23, 2019

Towercom Infrastructure Private Limited**Statement of changes in equity for the year ended March 31, 2019****(a) Equity Share Capital**

Particulars	Note No.	(₹ in thousands)	
		For the year ended March 31, 2019	For the year period March 31, 2018
Balance at the beginning of the period		100	-
Change in equity share capital during the period	2.03.03	-	100
Closing Balance		100	100

(b) Other Equity

Particulars	Note No.	Attributable to the Equity Holders	
		Reserves & Surplus Retained Earnings	
Balance at the beginning of the period		(287)	(238)
Deficit of Statement of Profit and Loss	2.04	30	(49)
Closing Balance		(257)	(287)

In terms of our Report of even date

For and on behalf of the Board

For Priti V Mehta & Co

Chartered Accountants

Firm Registration No 129568W

Gaurang Shah

Director

DIN 00004408

Priti V Mehta**Proprietor**

Membership No. 130514

Ramanan Laxminarain

Director

DIN 06739382

Place : Mumbai

Dated : May 23, 2019

Towercom Infrastructure Private Limited
Statement of cash flows for the year ended March 31, 2019

(₹ in thousands)

	For the year ended March 31, 2019	For the period ended March 31, 2018
A: CASH FLOW FROM OPERATING ACTIVITIES:		
Loss before tax as per Statement of Profit and Loss	30	(49)
Adjustments for:		
Increase in other current assets	(66)	(73)
Increase in trade payables	23	(190)
Increase in other current liabilities	(10)	-
	(53)	(263)
Income Tax Paid	(13)	-
Net cash used in operations	(36)	(312)
B: CASH FLOW FROM INVESTING ACTIVITIES:		
	-	-
Net cash generated/ (Used in) Investing Activities	-	-
C: CASH FLOW FROM FINANCING ACTIVITIES:		
Proceeds from issue of equity share capital	-	-
Proceed from Loan	10	1,480
Net cash generated from financing activities	10	1,480
Net increase in cash and cash equivalents [A+B+C]	(26)	1,168
Opening balance of cash and cash equivalents	1,230	62
Closing balance of cash and cash equivalents [Note 2.01]	1,204	1,230

Note:

The statement of cash flows is prepared using the "indirect method" set out in Ind AS 7 "Statement of cash flows".

In terms of our report attached

For Priti V Mehta & Co

Chartered Accountants

Firm Registration No 129568W

Priti V Mehta

Proprietor

Membership No. 130514

Place : Mumbai

Dated : May 23, 2019

For and on behalf of the Board

Gaurang Shah

Director

DIN 00004408

Ramanan Laxminarain

Director

DIN 06739382

Towercom Infrastructure Private Limited

Significant Accounting Policies to the Financial Statements

Note 1 General Information and Significant Accounting Policies

1.01 General Information

Towercom Infrastructure Private Limited ("the Company"), is a subsidiary of Reliance Communications Limited ("RCOM" or "the Holding Company"). The Company is registered under the Companies Act, 2013, having Registered Office at H Block, 1st Floor, Dhirubhai Ambani Knowledge City, Navi Mumbai 400710. The ultimate holding company is Reliance Innoventures Private limited. The Company is a private limited company and is domiciled in India. The Company is incorporated on November 17, 2016. The Company is setup to carry on the business of running telecommunication tower infrastructure.

1.02 Basis of preparation, measurement and significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below.

(a) Basis of Preparation of Financial Statements

The Financial Statements are prepared under historical cost convention, in accordance with the generally accepted accounting principals (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) Rule 2015, the Companies (Indian Accounting Standards) Amendment Rules 2016 and other 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).

(b) Standard issued but not yet effective:

In March 2018, the Ministry of Corporate Affairs (the MCA), Government of India (GoI) notified Ind AS 115 'Revenue from Contracts with Customers'. The standard is applicable to the Company with effect from April 1, 2018.

Ind AS 115: Revenue from Contracts with Customers

Ind AS 115 proposes a change from the age-old transfer of 'Risk And Rewards' to a 'Control' model. Under Ind AS 115, revenue is recognised when control over goods or services is transferred to a customer, which under current GAAP is based on the transfer of risks and rewards. A customer obtains control when it 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.

The entities will have to determine whether revenue should be recognised 'over time' or 'at a point in time'. As a result, it will be required to determine whether control is transferred over time. If not, only then revenue will be recognised at a point in time, or else over time. Ind AS 115 focuses heavily on what the customer expects from a supplier under a contract. Companies will have to necessarily determine if there are multiple distinct promises in a contract or a single performance obligation (PO). These promises may be explicit, implicit or based on past customary business practices. The consideration will then be allocated to multiple POs and revenue recognised when control over those distinct goods or services is transferred.

The entities may agree to provide goods or services for consideration that varies upon certain future events which may or may not occur. This is variable consideration, a wide term and includes all types of negative and positive adjustments to the revenue. This could result in earlier recognition of revenue compared to current practice – especially impacting industries where revenue is presently not recorded until all contingencies are resolved. Further, the entities will have to adjust the transaction price for the time value of money. Where the collections from customers are deferred the revenue will be lower than the contract price, and interestingly in case of advance collections, the effect will be opposite resulting in revenue exceeding the contract price with the difference accounted as a finance expense. This may impact entities having significant advance or deferred collection arrangements e.g. real estate infrastructure, EPC, IT Services etc.

Towercom Infrastructure Private Limited

Significant Accounting Policies to the Financial Statements

Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

Current vis-à-vis non-current classification

The assets and liabilities reported in the balance sheet are classified on a “current/non-current basis”, with separate reporting of assets held for sale and liabilities. Current assets, which include cash and cash equivalents, are assets that are intended to be realized, sold or consumed during the normal operating cycle of the Company or in the 12 months following the balance sheet date; current liabilities are liabilities that are expected to be settled during the normal operating cycle of the Company or within the 12 months following the close of the financial year. The deferred tax assets and liabilities are classified as non-current assets and liabilities.

(b) Recent accounting pronouncements

Standards issued but not yet effective

Amendment to Ind AS 7:

The amendment to Ind AS 7 requires the entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the balance sheet for liabilities arising from financing activities, to meet the disclosure requirement.

The Company is evaluating the requirements of the amendment and the effect on the financial statements.

1.03 Functional Currency and Presentation Currency

These financial statements are presented in Indian Rupees (“Rupees” or “₹”) which is functional currency 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 requires 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.

Towercom Infrastructure Private Limited

Significant Accounting Policies to the Financial Statements

1.05 Revenue Recognition

- (i) Revenue is recognised to the extent it is probable that the economic benefits will flow to the Company and revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable.

1.06 Taxes on Income and Deferred Tax

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

Minimum Alternative Tax (MAT) credit is recognised as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period.

1.07 Earning per Share

In determining Earning per Share, the Company considers the net profit after tax and includes the post tax effect of any exceptional item. Number of shares used in computing basic Earning per Share is the weighted average number of shares outstanding during the period. The number of shares used in computing Diluted Earning per Share comprises the weighted average shares considered for deriving Basic Earning per Share and also the weighted average number of shares that could have been issued on the conversion of all dilutive potential Equity Shares unless the results would be anti-dilutive. Dilutive potential Equity Shares are deemed converted as of the beginning of the period, unless issued at a later date.

1.08 Measurement of Fair value of financial instruments

The Company's accounting policies and disclosures require measurement of fair values for the financial instruments. The Company has an established control framework with respect to measurement of fair values. The management regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the management assesses evidence obtained from third parties to support the conclusion that such valuations meet the requirements of Ind AS, including level in the fair value hierarchy in which such valuations should be classified

When measuring the fair value of a financial asset or a financial liability, the Company uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

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

Level 2: inputs other than quoted prices included in 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 asset or liability that are not based on observable market data (unobservable inputs).

If inputs used to measure fair value of an asset or a liability fall into different levels of fair value hierarchy, then fair value measurement is categorised in its entirety in the same level of fair value hierarchy as the lowest level input that is significant to the entire measurement. The Company recognises transfers between levels of fair value hierarchy at the end of the reporting period during which the change has occurred.

Towercom Infrastructure Private Limited
Significant Accounting Policies to the Financial Statements

1.09 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 instruments also include derivative contracts such as foreign currency foreign exchange forward contracts.

Financial Assets

(i) 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 Statement of Profit and Loss, transaction costs that are attributable to the acquisition of the financial asset.

(ii) Subsequent measurement

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Company classifies its debt instruments:

Financial Assets measured at amortised cost

A 'debt instrument' is measured at the amortised cost if both the following conditions are met:

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 (SPPI) on the principal amount outstanding. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. 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. EIR amortisation is included in finance income in the Statement of Profit and Loss. Losses arising from impairment are recognised in the Statement of Profit and Loss. This category generally applies to trade and other receivables.

Financial Assets measured at fair value through other comprehensive income (FVTOCI)

A 'debt instrument' is classified as at the FVTOCI if both of the following criteria are met: a) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and

A 'debt instrument' is classified as at the FVTOCI if both of the following criteria are met: a) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and the contractual cash flows of the assets represent SPPI: Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income (OCI). However, the Company recognizes interest income, impairment losses & reversals and foreign exchange gain or loss in the Statement of Profit and Loss. On derecognition of the asset, cumulative gain or loss previously recognised in Other Comprehensive Income is reclassified from the equity to Statement of Profit and Loss. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.

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

Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL. In addition, the Company may elect to designate a debt instrument, which otherwise meets amortized cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch')

Derecognition of Financial Assets

A financial asset is primarily derecognised when: a) Rights to receive cash flows from the asset have expired, or b) The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement and either(a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Towercom Infrastructure Private Limited
Significant Accounting Policies to the Financial Statements

Financial Liabilities

(i) Initial recognition and measurement

All financial liabilities are recognised initially at fair value, in the case of loans, borrowings and payables, net of directly attributable transaction costs. Financial liabilities include trade and other payables, loans and borrowings including bank overdrafts and derivative financial instruments.

(ii) Subsequent measurement

The measurement of financial liabilities depends on their classification, as described herein:

Financial liabilities at fair value through Profit or Loss:

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 entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109. Gains or losses on liabilities held for trading are recognised in the Statement of Profit and Loss.

Financial Liabilities measured at amortised cost:

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in Statement of Profit and Loss when the liabilities are derecognised as well as through the 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.

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.

Notes to the financial statements as of and for the year ended March 31, 2019

	As at March 31, 2019	As at March 31, 2018
Note 2.01		
Cash and cash equivalents		
Fixed Deposit With Bank	1,175	1,175
Balance with bank in current account	29	55
	<u>1,204</u>	<u>1,230</u>

Note 2.02**Other current assets**

Interest Accrued	119	56
CENVAT credit of service tax	35	32
	<u>154</u>	<u>88</u>

Note 2.03**Equity Share capital****Authorised share capital**

50,000 Equity shares of ₹ 10 each	500	500
	<u>500</u>	<u>500</u>

Issued, subscribed and fully paid up

10,000 Equity shares of ₹ 10 each fully paid up	100	100
	<u>100</u>	<u>100</u>

2.03.01 Shares held by Holding Company and its subsidiary:

Equity shares	No. of shares	No. of shares
Reliance Communications Limited (Holding company)	9,500	9,500
Reliance Infratel Limited (Fellow subsidiary)	500	500

2.03.02 Details of shareholders holding more than 5% shares in the Company:

Equity shares	No. of shares	%	No. of shares	%
Reliance Communications Limited	9,500	95	9,500	95
Reliance Infratel Limited	500	5	500	5

2.03.03 Reconciliation of shares outstanding at the beginning and at the end of reporting period:

Equity shares	No. of Shares	No. of Shares
At the beginning of the year	10,000	-
Add : Changes since date of incorporation i.e November 16, 2016 [issue of shares]	-	10,000
Add / (Less) : Change during the year	-	-
Outstanding at the end of the year	<u>10,000</u>	<u>10,000</u>

2.03.04 Terms/ rights attached to the shares**Equity shares**

The Company has only one class of equity shares having a par value of ₹ 10 per share. Each holder of equity share 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 remaining assets of the Company after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

Towercom Infrastructure Private Limited**Notes to the financial statements as of and for the year ended March 31, 2018**

(₹ in thousands)

	As at March 31, 2019	As at March 31, 2018
--	-------------------------	-------------------------

Note 2.04**Other equity****Deficit in retained earnings**

Opening balance	(287)	(238)
Add: Loss during the period	30	(49)
Closing balance	<u>(257)</u>	<u>(287)</u>

Note:

Retained earnings:

The balance in retained earnings represents the accumulated losses in the statement of profit and loss.

Note 2.05**Borrowings**

From Related Party	1,490	1,480
	<u>1,490</u>	<u>1,480</u>

Note 2.06**Trade payables**

Due to other than Micro and small companies	38	15
	<u>38</u>	<u>15</u>

Note 2.07**Other current liabilities**

Statutory due (i.e. tax deducted at source)	-	10
	<u>-</u>	<u>10</u>

Note 2.08**Other expenses**

Auditors' remuneration	15	16
Bank Guarantee fee	-	30
Professional Fee	31	53
Filing fees	-	5
Rates & Taxes ₹ 356 (Previous year ₹ 2)	0	-
Bank charges (₹ 154)	0	1
	<u>46.190</u>	<u>105</u>

Note : 2.09**Capital Risk management**

The Company's objective when managing capital are to:

- safeguard their ability to continue as a going concern, so that it can optimise the return to
- maintain an optimal capital structure to reduce the cost of capital.

Capital of the Company for the purpose of capital management, include issued equity capital and reserve attributable to the equity holders of the Company.

Towercom Infrastructure Private Limited
Notes to the financial statements as of and for the year ended March 31, 2019
Note 2.10
Earnings per Share (EPS)
**For the year ended
March 31, 2019**
**For the period ended
March 31, 2018**
Basic and Diluted EPS

(a)	Loss attributable to equity shareholders (₹ in thousands) (used as numerator for calculating Basic EPS)	29.92	(49)
(b)	Weighted average number of equity shares (used as denominator for calculating Basic EPS)	10,000	10,000
(c)	Weighted average number of equity shares (used as denominator for calculating Diluted EPS)	10,000	10,000
(d)	Basic Earnings per Share of ₹ 10 each (₹)	2.99	(4.90)
(e)	Diluted Earnings per Share of ₹ 10 each (₹)	2.99	(4.90)
(f)	Nominal value of an equity shares (₹)	10	10

Note 2.11
Auditors' Remuneration (excluding service tax)

(₹ in thousands)

For statutory audit	15	15
For other services	-	-
Out of Pocket Expenses current year Nil (Previous year ₹ 936)	-	-

Note 2.13
Related Party Disclosures
A. List of related parties where control exists

(i)	Reliance Innoventures Private Limited	Ultimate Holding Company
(ii)	Reliance Communications Limited	Holding Company Key Managerial Persons

B. List of other related parties where there have been transactions

(i)	Reliance Infratel Limited	Fellow Subsidiary
-----	---------------------------	-------------------

C. Details of transactions and closing balances with related parties

(₹ in thousands)

Sr.No	Particulars	Holding Company	Fellow Subsidiary	Total
1	Allotment of Share			
	Equity Shares:			
	Balance as at April 1, 2018	95	5	100
		(95)	(5)	(100)
	Allotted during the year	-	-	-
		(95)	(5)	(100)
	Balance as at March 31, 2019	95	5	100
		(95)	(5)	(100)
2	Loans			
	Balance as at April 1, 2018	220	1,260	1,480
		(-)	(-)	(-)
	Taken During the year	-	10	10
		(220)	(1,260)	(1,480)
	Repaid During the year	-	-	-
		(-)	(-)	(-)
	Balance as at March 31, 2019	220	1,270	1,490

Towercom Infrastructure Private Limited**Notes to the financial statements as of and for the year ended March 31, 2019****Note : 2.14****Micro and Small scale business entities**

Disclosure of payable to vendors as defined under "Micro, Small and Medium Enterprise Development Act, 2006" is based on the information available with the Company regarding the status of registration of such vendors under the said Act. There are no overdue principal amounts / interest payable amounts for delayed payment to such vendors at the balance sheet date.

Note : 2.15**Financial Instruments by category**

Particulars	As at March 31, 2019	(₹ in thousands) As at March 31, 2018
	Amortised Cost	Amortised Cost
Financial assets:		
Cash and cash equivalents	1,204	1,230
Total financial assets	1,204	1,230
Financial liabilities:		
Trade payables	38	15
Borrowings	1,490	1,480
Total financial liabilities	1,528	1,495

The fair values of current financial assets and financial liabilities are considered to be the same as their carrying amounts, due to their short term maturities.

Note : 2.16**Financial risk management**

The Company's current activities expose it to credit risk.

Risk	Exposure arising from	Measurement	Management
Credit Risk	Cash and cash equivalents	Credit Ratings	Diversification of bank balances

Note : 2.17**Rounding off of amounts**

All amounts disclosed in the financial statements and notes have been rounded off to nearest thousand as per the requirement of Schedule III, unless otherwise stated.

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 23, 2019.

For Priti V Mehta & Co

Chartered Accountants

Firm Registration No 129568W

Priti V Mehta

Proprietor

Membership No. 130514

For and on behalf of the Board

Gaurang Shah

Director

DIN 00004408

Ramanan Laxminarain

Director

DIN 06739382

Independent Auditors' Report

To the Board of Vanco International Limited

Report on the Ind AS Financial Statements

Opinion

We have audited the accompanying standalone Ind AS financial statements of **Vanco International 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 Sawjany
Partner
Membership No.050980

Place: Mumbai
Date: 22nd May 2019

Vanco International Limited
Balance Sheet as at March 31, 2019

(Amount in ₹)

Particulars	Note No.	As at March 31, 2019	As at March 31, 2018
ASSETS			
Current Assets			
(a) Financial assets			
(i) Trade receivables	2.01	2,63,19,193	2,73,14,783
(ii) Cash and cash equivalents	2.02	12,76,58,199	9,36,21,252
(iii) Other Financial Assets	2.03	27,50,08,426	8,90,07,556
(b) Other Current assets	2.04	21,255	2,90,26,672
Total Assets		42,90,07,073	23,89,70,263
EQUITY AND LIABILITIES			
EQUITY			
(a) Equity Share Capital	2.05	91,61,122	93,50,018
(b) Other Equity	2.06	8,52,51,780	11,44,55,405
Total Equity		9,44,12,902	12,38,05,423
LIABILITIES			
Current liabilities			
(a) Financial Liabilities			
(i) Trade Payables	2.07	1,02,01,086	1,60,81,326
(ii) Other financial liabilities	2.08	19,49,00,469	1,97,85,449
(b) Other current liabilities	2.09	12,94,92,616	7,92,98,065
Total current liabilities		33,45,94,171	11,51,64,840
Total Equity and Liabilities		42,90,07,073	23,89,70,263
General Information	1.01		
Significant Accounting Policies	1.02		
Notes to 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 Vanco International Limited

Jitendra Sawjany
Partner
Membership No. 050980

Andrew Goldie
Director

Place : Mumbai
Date : 22nd May,2019

Place :
Date : 21st May,2019

Vanco International Limited
Statement of Profit & Loss For the year Ended March 31, 2019

		(Amount in ₹)	
Particulars	Note No.	For the Year Ended March 31, 2019	For the Year Ended March 31, 2018
REVENUE			
Revenue from Operations	2.10	46,51,30,769	35,08,17,518
Other Income	2.11	51,48,278	65,57,147
Total Revenue		47,02,79,047	35,73,74,665
EXPENSES			
Network Operating Expenses	2.12	44,35,83,447	28,06,24,264
Other expenses	2.13	5,40,42,956	2,41,53,015
Total Expenses		49,76,26,403	30,47,77,279
Profit/(Loss) before tax		(2,73,47,356)	5,25,97,386
Tax expense:			
Current tax		-	-
Deferred tax		-	-
Profit/(Loss) for the Year		(2,73,47,356)	5,25,97,386
Other comprehensive income			
(Items that may be subsequently reclassified to statement of profit or loss)			
Currency Translation		(17,70,564)	1,07,46,074
Total comprehensive Income for the year		(2,91,17,920)	6,33,43,460
Earnings per equity share:			
(1) Basic	2.15	(0.270)	0.519
(2) Diluted	2.15	(0.270)	0.519
General Information	1.01		
Significant Accounting Policies	1.02		
Notes to 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 Vanco International Limited

Jitendra Sawjany
Partner
Membership No. 050980

Andrew Goldie
Director

Place : Mumbai
Date : 22nd May,2019

Place :
Date : 21st May,2019

Vanco International Limited
Statement of Cash Flow for the year ended March 31 , 2019

Particulars	(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 Profit and Loss Account	(2,73,47,356)	5,25,97,386
Adjusted for:		
Unrealised Forex (Gains) / Losses	(76,10,139)	7,63,384
Provision for Doubtful Debts	-	-
Foreign Currency Translation and exchange movement (net)	(20,45,165)	1,24,21,588
Reversal of Provision for Doubtful Debts	(7,58,344)	(63,82,218)
	(1,04,13,648)	68,02,754
Operating Profit before Working Capital Changes	(3,77,61,004)	5,94,00,140
Adjusted for:		
(Increase)/ Decrease in trade receivables	17,53,934	(1,92,89,083)
(Increase)/ Decrease in other current assets	2,90,05,417	(2,89,93,840)
(Decrease)/ Increase in trade payables	(58,80,240)	(83,35,868)
(Decrease)/ Increase in other current liabilities	5,01,94,551	4,12,65,301
	7,50,73,662	(1,53,53,490)
Cash Generated from Operations	3,73,12,658	4,40,46,650
Net Cash from Operating Activities	3,73,12,658	4,40,46,650
B CASH FLOW FROM INVESTING ACTIVITIES		
Additions of Fixed Assets and Capital Work in Progress	-	-
Net Cash Used in Investing Activities	-	-
C CASH FLOW FROM FINANCING ACTIVITIES		
(Increase)/ Decrease in other financial assets	(17,83,90,731)	4,43,72,156
(Decrease)/ Increase in other financial liabilities	17,51,15,020	(56,80,724)
Net Cash from/(used in) Financing Activities	(32,75,711)	3,86,91,432
Net Increase/ (Decrease) in Cash and Cash Equivalents	3,40,36,947	8,27,38,082
Opening Balance of Cash and Cash Equivalents	9,36,21,252	1,08,83,170
Closing Balance of Cash and Cash Equivalents	12,76,58,199	9,36,21,252
As per our report of even date attached		

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

For Vanco International Limited

Jitendra Sawjany
Partner
Membership No. 050980

Andrew Goldie
Director

Place : Mumbai
Date : 22nd May,2019

Place :
Date : 21st May,2019

Vanco International 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	Reserves and Surplus			Other Comprehensive Income		
		Securities Premium Reserve	General Reserve	Retained Earnings	Foreign Exchange Translation Reserve*		
Balance at April 01, 2017	81,97,446	36,63,508	55,823	5,54,97,066	(86,27,394)	5,05,89,003	5,87,86,449
Change in equity share capital during the year	-	-	-	-	-	-	-
Surplus/ (Deficit) of Statement of Profit and Loss	-	-	-	5,25,97,386	-	5,25,97,386	5,25,97,386
Foreign Exchange Movement	11,52,572	5,15,094	7,848	-	-	5,22,942	16,75,514
Currency Translation	-	-	-	-	1,07,46,074	1,07,46,074	1,07,46,074
Balance at March 31, 2018	93,50,018	41,78,602	63,671	10,80,94,452	21,18,680	11,44,55,405	12,38,05,423
Change in equity share capital during the year	-	-	-	-	-	-	-
Surplus/ (Deficit) of Statement of Profit and Loss	-	-	-	(2,73,47,356)	-	(2,73,47,356)	(2,73,47,356)
Other Comprehensive Income	-	-	-	-	-	-	-
Transfer to Statement of Profit and Loss	-	-	-	-	-	-	-
Foreign Exchange Movement	(1,88,896)	(84,419)	(1,286)	-	-	(85,705)	(2,74,601)
Currency Translation	-	-	-	-	(17,70,564)	(17,70,564)	(17,70,564)
Balance at March 31, 2019	91,61,122	40,94,183	62,385	8,07,47,096	3,48,116	8,52,51,780	9,44,12,902

*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 Vanco International Limited

Jitendra Sawjany
Partner
Membership No. 050980

Andrew Goldie
Director

Place : Mumbai
Date : 22nd May,2019

Place :
Date : 21st May,2019

Vanco International Limited

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

1.01 GENERAL INFORMATION

Vanco International Limited is a virtual Network operator. The Company provides enterprise clients with managed network solutions including the design, integration, implementation, security and management of global corporate networks. The Company provides IT Outsourcers enabling the sub-contract of the above service package as part of a wider IT outsourcing solution.

Vanco International Limited is asset-light, instead purchasing infrastructure from the hundreds of carriers globally, the company get the best prices for clients, design a solution using the most appropriate technology to meet customers' global requirements, and is 100% focused on delivering the highest quality customer service.

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 principals (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 realisation 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

Vanco International Limited

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

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 liability to 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 Translation

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.

Vanco International Limited

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

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.

Functional Currency and Presentation Currency

Initially, these financial statements are presented in Indian Rupee. Functional currency of the Company is GBP.

c) Financial Instruments

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

(a) 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.

Vanco International Limited

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

(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.

Vanco International Limited

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

(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) 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.

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.

Vanco International Limited

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

f) Share Capital

Ordinary Common Shares are classified as equity.

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 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) 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 .

Vanco International Limited

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

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.

A network contract typically covers the design, supply and installation of the network and thereafter the provision of Packaged Network Solutions. Turnover relating to the initial part of the contract is recognized over the contract implementation period. The remainder of the contract value is recognized evenly over the period of the contract.

To the extent that the recognition differs from the contractual billing terms, either turnover is accrued or amounts billed in advance are treated as deferred income.

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) 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 the consolidated financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognised in the period in which the results are known / materialized.

l) Earnings Per Share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing:

Vanco International Limited

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

- 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.

Vanco International Limited

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

Particulars	(Amount in ₹)	
	As at March 31, 2019	As at March 31, 2018
NOTE # 2.01 Trade Receivables (Unsecured)		
Considered Good	2,63,19,193	2,73,14,783
Considered Doubtful	51,52,740	-
Total	3,14,71,933	2,73,14,783
Less: Provision for Doubtful Debts	51,52,740	-
Total	2,63,19,193	2,73,14,783

NOTE # 2.02 Cash and Cash Equivalents

Balances with Bank	12,76,58,199	9,36,21,252
Total	12,76,58,199	9,36,21,252

NOTE # 2.03 Others Current Financial Assets

Unsecured, Considered good

Due from Related Parties	27,50,08,426	8,90,07,556
Considered doubtful	-	-
	27,50,08,426	8,90,07,556
Less: Provision for doubtful advances	-	-
Total	27,50,08,426	8,90,07,556

NOTE # 2.04 Other Current Assets

Unbilled Debtors	64	2,90,24,799
Prepaid Expenses	21,191	-
Advances to Vendor	-	1,873
Total	21,255	2,90,26,672

	As at March 31, 2019	As at March 31, 2018
NOTE # 2.05 Equity Share Capital		
Share Capital		
Authorised		
100,000,000 Ordinary shares @£0.001 per share and 25,000,000 deferred shares @£0.001 per share	1,13,01,656	1,15,34,688
	1,13,01,656	1,15,34,688

Issued, Subscribed and Paid up:

100,000,000 Ordinary shares @£0.001 per share and 1,325,000 deferred shares @£0.001 per share fully paid up	91,61,122	93,50,018
	91,61,122	93,50,018

a) Shares held by Holding Company and Subsidiary of Holding Company

	No. of Shares	No. of Shares
Ordinary Shares		
Held by Vanco UK Limited	10,00,00,000	10,00,00,000
Deferred Shares		
Held by Vanco UK Limited	13,25,000	13,25,000
	10,13,25,000	10,13,25,000

b) Details of shares held by shareholders holding more than 5% of the aggregate shares in the Company

	% of Holding	No. of Shares	% of Holding	No. of Shares
Ordinary Shares				
Held by Vanco UK Limited	100%	10,00,00,000	100%	10,00,00,000
Deferred Shares				
Held by Vanco UK Limited	100%	13,25,000	100%	13,25,000

c) Rights, Preferences and Restriction attached to the shares

A) Ordinary Shares

The Company has Ordinary Shares (shares) having a par value of £ .001 per share and each holder of Ordinary 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.

B) Deferred Shares

The Company has Ordinary Shares (shares) having a par value of £ .001 per share. The deferred shares carry no voting right.

d) Reconciliation of share outstanding at the beginning and at the end of March 31, 2019

	No. of Shares	Amount	No. of Shares	Amount
Ordinary Share				
Balance as at the beginning of the year	10,00,00,000	90,41,324	10,00,00,000	92,27,750
Add: Shares issued during the year	-	-	-	-
Balance at the end of Period	10,00,00,000	90,41,324	10,00,00,000	92,27,750
Deferred Shares				
Balance as at the beginning of the year	13,25,000	1,19,798	13,25,000	1,22,268
Add: Shares issued during the year	-	-	-	-
Balance at the end of Period	13,25,000	1,19,798	13,25,000	1,22,268

	As at March 31, 2019	As at March 31, 2018
NOTE # 2.06 Other Equity		
Foreign Exchange Translation Reserve	3,48,116	21,18,680
Securities Premium Account	40,94,183	41,78,602
General Reserves	62,385	63,671
Retained Earnings		
Opening Balances	10,80,94,452	5,54,97,066
Add: Profit during the year	(2,73,47,356)	5,25,97,386
Balance Carried forward	-	-
	8,07,47,096	10,80,94,452
	8,52,51,780	11,44,55,405

Vanco International Limited**Notes Forming part of the Financial Statements for the year ended March 31, 2019**

Particulars	(Amount in ₹)	
	As at March 31, 2019	As at March 31, 2018
NOTE # 2.07 Trade Payables-Current		
Trade Payables	41,80,774	59,10,440
Trade Accrual	60,20,312	1,01,70,886
Total	1,02,01,086	1,60,81,326
NOTE # 2.08 Other Financial liabilities-Current		
Due to Related Parties	19,49,00,469	1,97,85,449
Total	19,49,00,469	1,97,85,449
NOTE # 2.09 Other Current liabilities		
Unearned Income	12,36,42,432	7,12,91,474
Statutory Dues Payable	58,50,184	80,06,591
Total	12,94,92,616	7,92,98,065

Vanco International Limited

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

Particulars	(Amount in ₹)	
	For the Year Ended March 31, 2019	For the Year Ended March 31, 2018
NOTE # 2.10 Revenue from Operations		
Enterprise Value Added Services	46,51,30,769	35,08,17,518
Total	46,51,30,769	35,08,17,518
NOTE # 2.11 Other Income		
Gain on Foreign Exchange Fluctuation	43,89,934	85,265
Reversal of Provision for Doubtful Debts	-	10,32,029
Reversal of Provision	7,58,344	53,50,189
Miscellaneous Income	-	89,664
Total	51,48,278	65,57,147
NOTE # 2.12 Network Operating Expenses		
Network Operating Expenses	44,35,83,447	28,06,24,264
Total	44,35,83,447	28,06,24,264
NOTE # 2.13 Other Expenses		
Legal Fees	3,218	2,993
Bank Charges	57,044	-
Provision for Doubtful Debts	52,40,124	-
Management Cost Group Recharge	4,75,91,334	2,30,85,413
Miscellaneous	11,525	4,159
	5,29,03,245	2,30,92,565
Payment to Auditors	11,39,711	10,60,450
Total	5,40,42,956	2,41,53,015

Vanco International Limited

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

Note 2.14

Segment Reporting

The Company has determined its business segment as telecommunication network unit taking into account the nature of services provided, class of customers for the services provided, the differing risks and returns and the internal business reporting systems. Since 100% of the business of Company is from telecommunication network unit, there are no other reportable segments.

The segment revenue, segment result, total carrying amount of segment assets, total amount of segment liabilities, total cost incurred during the year to acquire segments assets, segment depreciation and amortisation for the year are reflected within the financial statements of the Company as of and for the year ended March 31, 2019.

Substantial network assets are located across geographic territories and therefore not identifiable to any particular geographical segment.

Note 2.15

Earnings Per Share

		INR except number of shares	
Particulars		Year ended March 31, 2019	Year ended March 31, 2018
A	Profit attributable to Equity Shareholders	(27,347,356)	52,597,386
B	Weighted average number of share of GBP 0.001 each used as denominator for calculating Basic and Diluted EPS	101,325,000	101,325,000
C	Basic and Diluted Earnings per Share (A/B)	(0.270)	0.519

Note 2.16

Notes to Foreign Exchange Translation Reserve

The amounts relating to Balance Sheet items appearing in Indian Rupees have been translated at Closing Rate of 1 GBP = USD 1.3074 & 1 USD = INR 69.1550 (March 31, 2018 1 GBP = INR 92.2775) and items relating to profit and loss have been translated at average rate of 1 GBP = USD 1.31510 & 1 USD = INR 69.9160 (March 31, 2018 1 GBP = INR 85.5198).

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

2.17 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 :

List of related parties:

(a) Parties where control exist:

- i. Reliance Communication Limited
- ii. Reliance Vanco Group Limited
- iii. Vanco UK Limited

(b) Enterprises as affiliated companies are:

- i) Vanco ROW Limited
- ii) Vanco Global Limited
- iii) VNO Direct Limited
- iv) Vanco SAS
- v) Euronet Spain SA
- vi) Vanco Srl
- vii) Vanco GmbH
- viii) Vanco Deutschland GmbH
- ix) Vanco Switzerland A.G.
- x) Vanco B.V.
- xi) Vanco NV
- xii) Vanco US LLC
- xiii) Vanco Solutions Inc.
- xiv) Vanco Australasia Pty. Limited
- xv) Vanco (Asia Pacific) Pte. Limited
- xvi) Vanco Japan KK
- xvii) Reliance RGMPL
- xviii) Vanco (Shanghai) Co. Ltd.
- xix) Vanco Sp Zoo
- xx) Vanco Sweden AB
- xxi) Vanco South America Ltda
- xxii) Reliance Communication Infrastructure Limited

Vanco International Limited

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

(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	3,96,49,776	4,49,16,040
Fellow subsidiaries	3,71,62,243	1,77,27,997
Total	7,68,12,019	6,26,44,037

(d) Purchases of services

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Network Operating Expenses		
Parent company	29,59,08,241	23,74,29,473
Fellow subsidiaries	8,49,30,598	1,12,27,594
Total	38,08,38,839	24,86,57,067

(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	-	-
Total	-	-

Particulars	As at March 31, 2019	As at March 31, 2018
Advance to related parties		
Parent company	10,21,23,000	8,45,19,073
Fellow subsidiaries	17,28,85,426	44,88,483
Total	27,50,08,426	8,90,07,556

Particulars	As at March 31, 2019	As at March 31, 2018
Due to related parties		
Parent company	9,20,75,387	1,77,81,210
Fellow subsidiaries	10,28,25,082	20,04,239
Total	19,49,00,469	1,97,85,449

Vanco International Limited

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

Note 2.18

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

For Shridhar & Associates

Chartered Accountants

Firm Registration No. 134427W

For Vanco International Limited

Jitendra Sawjany

Partner

Membership No. 050980

Andrew Goldie

Director

Place : Mumbai

Date : 22nd May, 2019

Place :

Date : 21st May, 2019

Independent Auditors' Report

To the Board of Vanco Global Limited

Report on the Ind AS Financial Statements

Opinion

We have audited the accompanying standalone Ind AS financial statements of **Vanco Global 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 2.06 & 2.07 of the notes to the financial statements where the company has negative net worth amounting to INR 6,94,25,924 for the year 2019 and INR 7,83,28,563 for the year 2018 (excluding loss on account of FCTR). The financial statements are prepared under going concern assumption since the ultimate parent company(GCX Limited) will continue to support the company in meeting its liabilities as they fall due within the coming 12 months.

The (GCX Limited) 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 Sawjany
Partner
Membership No.050980

Place: Mumbai
Date: 22nd May 2019

Vanco Global Limited
Balance Sheet as at March 31, 2019

		(Amount in ₹)	
Particulars	Note No.	As at March 31, 2019	As at March 31, 2018
ASSETS			
Non-Current Assets			
Investments	2.01	43,05,389	43,94,126
Current Assets			
Financial Assets			
- Trade Receivables	2.02	8,21,64,123	7,23,19,469
- Cash and Cash Equivalents	2.03	2,46,50,629	2,08,55,557
- Others	2.04	16,71,19,123	3,12,81,703
Other Current Assets	2.05	4,27,926	63,87,179
Total Assets		27,86,67,190	13,52,38,034
EQUITY AND LIABILITIES			
Equity			
Equity Share Capital	2.06	2,44,22,969	2,49,26,552
Other Equity	2.07	(7,83,72,191)	(8,94,28,106)
Total Equity		(5,39,49,222)	(6,45,01,554)
LIABILITIES			
Current Liabilities			
Financial Liabilities			
- Trade Payables	2.08	9,97,258	20,70,707
- Other Financial Liabilities	2.09	25,44,91,049	10,24,10,222
Other Current Liabilities	2.10	7,71,28,105	9,52,58,659
Total Liabilities		33,26,16,412	19,97,39,588
Total Equity and Liabilities		27,86,67,190	13,52,38,034
General Information			
	1.01		
Significant Accounting Policies			
	1.02		
Notes to 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 Accountant
Firm Registration No. 134427W

For Vanco Global Limited

Jitendra Sawjany
Partner
Membership no. 050980

Andrew Goldie
Director

Place: Mumbai
Date: 22nd May, 2019

Place:
Date: 21st May, 2019

Vanco Global Limited
Statement of Profit & Loss Account for the year ended 31 March 2019

(Amount in ₹)

Particulars	Note No.	For the Year Ended March 31, 2019	For the Year Ended March 31, 2018
INCOME			
Revenue from Operations	2.11	49,06,60,805	44,18,36,021
Other Income	2.12	15,10,957	1,02,83,295
Total Income		49,21,71,762	45,21,19,316
Expenses:			
Network Operating Expenses	2.13	43,07,98,188	37,40,56,877
Other Expenses	2.14	5,19,67,352	12,32,69,565
Total Expenses		48,27,65,540	49,73,26,442
Profit/(Loss) before tax		94,06,222	(4,52,07,126)
Tax expense:			
(1) Current tax		-	-
(2) Deferred tax		-	-
Profit/(Loss) for the period		94,06,222	(4,52,07,126)
Other comprehensive income			
Items that may be subsequently reclassified to statement of profit or loss			
Currency translation		16,49,693	(1,08,12,462)
Total other comprehensive income for the year		16,49,693	(1,08,12,462)
Total comprehensive income for the year		1,10,55,915	(5,60,19,588)
Earnings per equity share:	2.16		
(1) Basic		0.03	(0.17)
(2) Diluted		0.03	(0.17)
General Information	1.01		
Significant Accounting Policies	1.02		
Notes to 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 Vanco Global Limited

Jitendra Sawjany
Partner
Membership no. 050980

Andrew Goldie
Director

Place: Mumbai
Date: 22nd May, 2019

Place:
Date: 21st May, 2019

Vanco Global Limited
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 before Tax	94,06,222	(4,52,07,126)
Adjustments for:		
Foreign Currency Translation and exchange movement (net)	12,34,845	(82,81,440)
	1,06,41,067	(5,34,88,566)
Adjustments for:		
(Decrease)/ Increase in Trade Payables	(10,73,449)	2,23,277
(Decrease)/ Increase in Other Financial Liabilities	15,20,80,827	(22,46,11,062)
(Decrease)/ Increase in Other Current Liabilities	(1,81,30,554)	(4,28,050)
Decrease/(Increase) in Trade Receivables	(98,44,654)	12,03,93,889
(Increase)/ Decrease in Other Financial Assets	(13,58,37,420)	17,49,25,645
Decrease /(Increase) in Other Current Assets	59,59,253	32,00,268
Cash Generated from Operations	37,95,070	2,02,15,401
Income tax (paid) / refund	-	-
Net cash (used in)/generated from operating activities (A)	37,95,070	2,02,15,401
B) CASH FLOW FROM INVESTING ACTIVITIES		
Net Cash used in Investing Activities (B)	-	-
C) CASH FLOW FROM FINANCING ACTIVITIES		
Net Cash Used In Financing Activities (C)	-	-
Net (Decrease) /Increase in Cash and Cash Equivalents	37,95,070	2,02,15,401
Opening Balance of Cash and Cash Equivalents	2,08,55,557	6,40,156
Closing Balance of Cash and Cash Equivalents	2,46,50,627	2,08,55,557

As per our report of even date attached

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

Jitendra Sawjany
Partner
Membership no. 050980

Place : Mumbai
Date: 22nd May,2019

For Vanco Global Limited

Andrew Goldie
Director

Place:
Date: 21st May,2019

Vanco Global Limited
Statement of changes in equity for the year ended March 31, 2019

(Amount in ₹)

Particulars	Equity	Other Equity			Equity attributable to shareholders
	Share Capital	Reserves and Surplus	Other Comprehensive Income	Total Other Equity	
		Retained Earnings	Foreign Exchange Translation Reserve*		
Balance as at March 31, 2017	2,18,53,869	(5,80,47,989)	2,46,39,471	(3,34,08,518)	(1,15,54,649)
Net Profit for the year		(4,52,07,126)		(4,52,07,126)	(4,52,07,126)
Currency translation			(1,08,12,462)	(1,08,12,462)	(1,08,12,462)
Foreign Exchange Movement	30,72,683				30,72,683
Balance as at March 31, 2018	2,49,26,552	(10,32,55,115)	1,38,27,009	(8,94,28,106)	(6,45,01,554)
Net Profit for the year		94,06,222	-	94,06,222	94,06,222
Currency translation		-	16,49,693	16,49,693	16,49,693
Foreign Exchange Movement	(5,03,583)				(5,03,583)
Balance as at March 31, 2019	2,44,22,969	(9,38,48,893)	1,54,76,702	(7,83,72,191)	(5,39,49,222)

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

As per our report of even date attached

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

For Vanco Global Limited

Jiterndra Sawjany
Partner
Membership no. 050980

Andrew Goldie
Director

Place : Mumbai
Date: 22nd May,2019

Place:
Date: 21th May,2019

Vanco Global Limited

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

1.01 GENERAL INFORMATION

Vanco Global Limited is a virtual Network operator. The Company provides enterprise clients with managed network solutions including the design, integration, implementation, security and management of global corporate 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 principals (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 realisation 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.

Vanco Global Limited

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

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 liability to 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 Translation

(i) Functional Currency and Presentation Currency

Initially, these financial statements are presented in Indian Rupee. Functional currency of the Company is GBP.

(ii) Transactions and Balances

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.

Vanco Global Limited

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

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.

c) Financial Instruments

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

(i) 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

Vanco Global Limited

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

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.

(ii) 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.

Vanco Global Limited

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

(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 of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the standalone balance sheet if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

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.

Vanco Global Limited

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

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 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) 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.

Vanco Global Limited

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

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.

A network contract typically covers the design, supply and installation of the network and thereafter the provision of Packaged Network Solutions. Turnover relating to the initial part of the contract is recognized over the contract implementation period. The remainder of the contract value is recognized evenly over the period of the contract.

To the extent that the recognition differs from the contractual billing terms, either turnover is accrued or amounts billed in advance are treated as deferred income.

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) Unbilled Revenue

Where the Services are performed prior to billing, an accrued income is recognized in unbilled revenue.

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 the consolidated financial statements and the reported amount of revenues and expenses during the reporting period.

Difference between the actual results and estimates are recognised in the period 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.

Vanco Global Limited

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

- 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.

Vanco Global Limited

Notes on accounts to the Balance Sheet and Statement of Profit and Loss for the Year Ended March 31, 2019

Particulars	(Amount in ₹)	
	As at March 31, 2019	As at March 31, 2018
NOTE 2.01 Investments		
<u>Investment in Subsidiaries</u>		
1000 Vanco Switzerland AG of CHF 100 Per Share (1,000)	43,05,389	43,94,126
Total	43,05,389	43,94,126
NOTE 2.02 Trade Receivables		
Unsecured		
Considered Good	8,21,64,123	7,23,19,469
Considered Doubtful	-	-
	8,21,64,123	7,23,19,469
Less: Provision for Doubtful Debts	-	-
Total	8,21,64,123	7,23,19,469
NOTE 2.03 Cash and Cash Equivalents		
Balance with Banks	2,46,50,629	2,08,55,557
Total	2,46,50,629	2,08,55,557
NOTE 2.04 Other Financial Assets		
Group Company Receivables	16,71,19,123	3,12,81,703
Total	16,71,19,123	3,12,81,703
NOTE 2.05 Other Current Assets		
Prepaid Expenses	4,27,926	56,77,850
Other Loans and Advances	-	-
Unbilled Debtors	-	7,09,329
Total	4,27,926	63,87,179

Vanco Global Limited
Notes on accounts to the Balance Sheet and Statement of Profit and Loss for the Year Ended March 31, 2019

Particulars	(Amount in ₹)	
	As at March 31, 2019	As at March 31, 2018
NOTE 2.06 Equity Share Capital		
Share Capital		
Authorised		
270,001,000 (270,001,000) ordinary shares of GBP 0.001 each and	2,44,11,667	2,49,15,017
125,000 (125,000) Deferred ordinary shares of GBP 0.001 each	11,302	11,535
	<u>2,44,22,969</u>	<u>2,49,26,552</u>
Issued, Subscribed and Paid up:		
270,001,000 (270,001,000) ordinary shares of GBP 0.001 each and	2,44,11,667	2,49,15,017
125,000 (125,000) Deferred ordinary shares of GBP 0.001 each	11,302	11,535
	<u>2,44,22,969</u>	<u>2,49,26,552</u>

a) Shares held by Holding Company

	No. of Shares	No. of Shares
Ordinary Shares		
Vanco UK Limited	27,00,01,000	27,00,01,000
Deferred Shares		
Vanco UK Limited	1,25,000	1,25,000
	<u>27,01,26,000</u>	<u>27,01,26,000</u>

b) Details of shares held by shareholders holding more than 5% of shares in the Company

	No. of Shares	No. of Shares
Ordinary Shares		
Vanco UK Limited	27,00,01,000	27,00,01,000
Deferred Shares		
Vanco UK Limited	1,25,000	1,25,000

c) Terms/ rights attached to equity shares
Ordinary Shares

The Company has Ordinary Shares (shares) having a par value of GBP 0.001 per share and each holder of Ordinary 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.

d) Reconciliation of share outstanding at the beginning and at the end of the year

	As at March 31, 2019		As at March 31, 2018	
	No. of Shares	Amount	No. of Shares	Amount
Ordinary Share				
Balance as at the beginning of the year	27,00,01,000	2,44,11,667	27,00,01,000	2,49,15,017
Add: Shares issued during the year	-	-	-	-
Balance as at the end of year	<u>27,00,01,000</u>	<u>2,44,11,667</u>	<u>27,00,01,000</u>	<u>2,49,15,017</u>
Deferred Share				
Balance as at the beginning of the year	1,25,000	11,302	1,25,000	11,535
Add: Shares issued during the year				
Balance as at the end of year	<u>1,25,000</u>	<u>11,302</u>	<u>1,25,000</u>	<u>11,535</u>

NOTE 2.07 Other Equity

	As at March 31, 2019	As at March 31, 2018
<u>Surplus in retained earnings</u>		
Opening balance	(8,94,28,106)	(3,34,08,518)
Add: Profit/(Loss) for the Year	94,06,222	(4,52,07,126)
	<u>(8,00,21,884)</u>	<u>(7,86,15,644)</u>
Foreign Currency Translation Reserve	16,49,693	(1,08,12,462)
Closing Balance	<u>(7,83,72,191)</u>	<u>(8,94,28,106)</u>

Vanco Global Limited**Notes on accounts to the Balance Sheet and Statement of Profit and Loss for the Year Ended March 31, 2019**

Particulars	(Amount in ₹)	
	As at March 31, 2019	As at March 31, 2018
NOTE 2.08 Trade Payables - Current		
Trade Payables	-	-
Trade Accruals	9,97,258	20,70,707
Total	9,97,258	20,70,707
NOTE 2.09 Other Financial Liabilities		
Group Company Payables	25,44,91,049	10,24,10,222
Total	25,44,91,049	10,24,10,222
NOTE 2.10 Other Current liabilities		
Unearned Income	7,66,59,041	9,47,84,628
Statutory Dues Payable	4,69,064	4,74,031
Total	7,71,28,105	9,52,58,659

Vanco Global Limited**Notes on accounts to the Balance Sheet and Statement of Profit and Loss for the Year Ended March 31, 2019**

Particulars	(Amount in ₹)	
	For the Year Ended March 31, 2019	For the Year Ended March 31, 2018
NOTE 2.11 Revenue from Operations		
Enterprise Value Added Services	38,76,87,218	42,21,26,118
Group Company Revenue	10,29,73,587	1,97,09,903
Total	49,06,60,805	44,18,36,021
NOTE 2.12 Other Income		
Reversal of Provision for Doubtful Debts	-	11,93,003
Gain on Foreign Exchange Fluctuation	15,10,957	28,20,726
Reversal of Excess Provisions	-	62,69,566
Total	15,10,957	1,02,83,295
NOTE 2.13 Network Operating Expenses		
Network Operating Expenses	43,07,98,188	37,40,56,877
Total	43,07,98,188	37,40,56,877
NOTE 2.14 Other Expenses		
Rates and Taxes	2,71,242	-
Legal Fees	3,218	2,993
Professional Fees	5,34,669	-
Bank Charges	23,998	30,477
Management Cost Group Recharge	4,75,13,922	3,41,20,131
Foreign Exchange Fluctuation Realised Gain/Loss Net	20,15,376	40,17,071
Foreign Exchange Fluctuation Unrealised Gain/Loss Net	5,33,290	8,40,81,206
	5,08,95,715	12,22,51,878
Payment to Auditors	10,71,637	10,17,687
Total	5,19,67,352	12,32,69,565

Vanco Global Limited

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

Note 2.15

Segment Reporting

The Company has determined its business segment as telecommunication network unit taking into account the nature of services provided, class of customers for the services provided, the differing risks and returns and the internal business reporting systems. Since 100% of the business of Company is from telecommunication network unit, there are no other reportable segments.

The segment revenue, segment result, total carrying amount of segment assets, total amount of segment liabilities, total cost incurred during the year to acquire segments assets, segment depreciation and amortization for the year are reflected within the financial statements of the Company as of and for the year ended March 31, 2019.

Substantial network assets are located across geographic territories and therefore not identifiable to any particular geographical segment.

Note 2.16

Earnings per Share

		INR except number of shares	
Particulars		Year ended March 31, 2019	Year ended March 31, 2018
A	Profit/(Loss) attributable to Equity Shareholders	94,06,222	(4,52,07,126)
B	Weighted average number of share of GBP 0.001 each used as denominator for calculating Basic and Diluted EPS	27,01,26,000	27,01,26,000
C	Basic and Diluted Earnings per Share (A/B)	0.03	(0.17)

Note 2.17

Notes to Foreign Exchange Translation Reserve

The amounts relating to Balance Sheet items appearing in Indian Rupees have been translated at Closing Rate of 1 GBP = USD 1.3074 & 1 USD = INR 69.1550 (March 31, 2018 1 GBP = INR 92.2775) and items relating to profit and loss have been translated at average rate of 1 GBP = USD 1.31510 & 1 USD = INR 69.9160 (March 31, 2018 1 GBP = INR 85.5198).

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

Vanco Global Limited**Notes on accounts to the Balance Sheet and Statement of Profit and Loss for the Year Ended March 31, 2019****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:

a) Parties where control exist:

- i) Reliance Communications Limited
- ii) Flag Telecom Group Services Limited
- iii) Reliance Vanco Group Limited
- iv) Vanco UK Limited

b) Enterprises as affiliated companies are:

- i) Vanco ROW Limited
- ii) Vanco International Limited
- iii) Vanco SAS
- iv) Euronet Spain SA
- v) Vanco Srl
- vi) Vanco BV
- vii) Vanco NV
- viii) Vanco US LLC
- ix) Vanco Solutions Inc.
- x) Vanco Australasia Pty. Limited
- xi) Vanco (Asia Pacific) Pte. Limited
- xii) Vanco Japan KK
- xiii) Vanco Sweden AB
- xiv) Vanco UK Limited
- xv) Vanco GmbH

c) Subsidiary companies

Vanco Switzerland A.G

d) Sales of services

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Service Revenue		
Fellow subsidiaries	10,29,73,587	1,97,09,903
Total	10,29,73,587	1,97,09,903

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	31,01,03,028	15,81,51,267
Fellow subsidiaries	11,54,72,873	21,34,05,124
Total	42,55,75,901	37,15,56,391

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

2.18 Related Party Transactions

f) 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	16,71,19,123	3,12,81,703
Total	16,71,19,123	3,12,81,703

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.

g) Particulars	As at March 31, 2019	As at March 31, 2018
Due to related parties		
Parent company	21,61,53,384	9,10,08,223
Fellow subsidiaries	3,83,37,665	1,14,01,999
Total	25,44,91,049	10,24,10,222

Vanco Global Limited

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

Note 2.19

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

For Shridhar & Associates

Chartered Accountants

Firm Registration No. 134427W

For Vanco Global Limited

Jitendra Sawjany

Partner

Membership No. 050980

Andrew Goldie

Director

Place : Mumbai

Date : 22nd May, 2019

Place :

Date : 21st May, 2019

Independent Auditors' Report

To the Board of Vanco ROW Limited

Report on the Ind AS Financial Statements

Opinion

We have audited the accompanying standalone Ind AS financial statements of **Vanco ROW 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 Sawjany
Partner
Membership No.050980

Place: Mumbai
Date: 22nd May 2019

Vanco Row Limited
Balance Sheet as at March 31, 2019

		(Amount in ₹)	
Particulars	Note No.	As at March 31, 2019	As at March 31, 2018
ASSETS			
Current Assets			
(a) Financial Assets			
(i) Cash and cash equivalents	2.01	1,89,516	76,921
(ii) Others	2.02	18,26,94,309	14,07,22,424
(b) Other current assets	2.03	29,70,990	36,88,159
Total Assets		18,58,54,815	14,44,87,504
EQUITY AND LIABILITIES			
Equity			
(a) Equity Share Capital	2.04	181	185
(b) Other Equity	2.05	6,53,90,468	11,16,56,031
Total Equity		6,53,90,649	11,16,56,216
LIABILITIES			
Current liabilities			
(a) Financial Liabilities			
(i) Trade Payables	2.06	3,09,01,172	3,27,01,035
(ii) Other financial liabilities	2.07	8,95,62,994	1,30,253
Total Current liabilities		12,04,64,166	3,28,31,288
Total Equity and Liabilities		18,58,54,815	14,44,87,504
General Information	1.01		
Significant Accounting Policies	1.02		
Notes to 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 Vanco Row Limited

Jitendra Sawjany
Partner
Membership No. 050980

Andrew Goldie
Director

Place : Mumbai
Date : 22nd May,2019

Place :
Date : 21st May,2019

Vanco Row Limited
Statement of Profit & Loss For the year Ended March 31, 2019

(Amount in ₹)

Particulars	Note No.	For the Year Ended March 31, 2019	For the Year Ended March 31, 2018
Revenue:			
Revenue from Operations	2.08	38,11,10,957	28,04,64,580
Other Income	2.09	17,010	1,16,50,243
Total Revenue		38,11,27,967	29,21,14,823
Expenses:			
Network Operating Expenses	2.10	42,35,54,932	24,96,89,528
Finance costs	2.11	-	-
Other expenses	2.12	23,29,217	87,12,544
Total Expenses		42,58,84,149	25,84,02,072
Profit/(Loss) before tax		(4,47,56,182)	3,37,12,751
Tax expense:			
(1) Current tax		-	-
(2) Deferred tax		-	-
Profit/(Loss) for the year		(4,47,56,182)	3,37,12,751
Other comprehensive income (Items that may be subsequently reclassified to statement of profit or loss)			
Currency Translation		(15,09,381)	1,19,43,536
Total comprehensive Income/ (Loss) for the year		(4,62,65,563)	4,56,56,287
Earnings per equity share:			
(1) Basic	2.14	(2,23,78,091)	1,68,56,376
(2) Diluted	2.14	(2,23,78,091)	1,68,56,376
General Information	1.01		
Significant Accounting Policies	1.02		
Notes to 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 Vanco Row Limited

Jitendra Sawjany
Partner
Membership No. 050980

Andrew Goldie
Director

Place : Mumbai
Date : 22nd May, 2019

Place :
Date : 21st May, 2019

Vanco ROW Limited
Statement of Cash Flow for the year ended March 31, 2019

Particulars	(Amount in ₹)	
	For the year ended 31 March, 2019	For the year ended 31 March, 2018
A CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before tax as per Profit and Loss Account	(4,47,56,182)	3,37,12,751
Adjusted for:		
Foreign Currency Translation and exchange movement (net)	(15,09,385)	1,19,43,559
Financial Charges	<u>-</u>	<u>1,19,43,559</u>
	(4,62,65,567)	4,56,56,310
Operating Profit before Working Capital Changes	(4,62,65,567)	4,56,56,310
Adjusted for:		
(Increase)/ Decrease in other current assets	7,17,169	1,25,63,886
(Decrease)/ Increase in trade payables	(17,99,863)	(8,20,75,879)
(Decrease)/ Increase in other current liabilities	<u>-</u>	<u>(6,95,11,993)</u>
	(4,73,48,261)	(2,38,55,683)
Cash Generated from Operations	(4,73,48,261)	(2,38,55,683)
Net Cash from Operating Activities	<u>(4,73,48,261)</u>	<u>(2,38,55,683)</u>
B CASH FLOW FROM INVESTING ACTIVITIES		
Net Cash Used in Investing Activities	<u>-</u>	<u>-</u>
C CASH FLOW FROM FINANCING ACTIVITIES		
Financial Charges	-	-
(Increase)/ Decrease in other financial assets	(4,19,71,885)	2,30,51,714
(Decrease)/ Increase in other financial liabilities	8,94,32,741	(31,05,847)
Net Cash from/(used) in Financing Activities	<u>4,74,60,856</u>	<u>1,99,45,867</u>
Net Increase/ (Decrease) in Cash and Cash Equivalents	1,12,595	(39,09,816)
Opening Balance of Cash and Cash Equivalents	76921	39,86,737
Closing Balance of Cash and Cash Equivalents	<u>1,89,516</u>	<u>76,921</u>
As per our report of even date attached		

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

For Vanco Row Limited

Jitendra Sawjany
Partner
Membership No. 050980

Andrew Goldie
Director

Place : Mumbai
Date : 22nd May, 2019

Place :
Date : 21st May, 2019

Vanco Row 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	Reserves & Surplus	Other Comprehensive Income		
		Retained Earnings	Foreign Exchange Translation Reserve*		
Balance at April 1, 2017	162	7,95,97,917	(1,35,98,173)	6,59,99,744	6,59,99,906
Change in equity share capital during the year	-	-	-	-	-
Surplus/ (Deficit) of Statement of Profit and Loss	-	3,37,12,751	-	3,37,12,751	3,37,12,751
Foreign Exchange Movement	23	-	-	-	23
Currency Translation	-	-	1,19,43,536	1,19,43,536	1,19,43,536
Balance at March 31, 2018	185	11,33,10,668	(16,54,637)	11,16,56,031	11,16,56,216
Change in equity share capital during the year	-	-	-	-	-
Surplus/ (Deficit) of Statement of Profit and Loss	-	(4,47,56,182)	-	(4,47,56,182)	(4,47,56,182)
Foreign Exchange Movement	(4)	-	-	-	(4)
Currency Translation	-	-	(15,09,381)	(15,09,381)	(15,09,381)
Balance at March 31, 2019	181	6,85,54,486	(31,64,018)	6,53,90,468	6,53,90,649

*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 Vanco Row Limited

Jitendra Sawjany
Partner
Membership No. 050980

Andrew Goldie
Director

Place : Mumbai
Date : 22nd May,2019

Place :
Date : 21st May,2019

Vanco Row Limited

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

1.01 GENERAL INFORMATION

Vanco Row Limited is a virtual Network operator. The Company provides enterprise clients with managed network solutions including the design, integration, implementation, security and management of global corporate networks. The Company provides IT Outsourcers enabling the sub-contract of the above service package as part of a wider IT outsourcing solution.

Vanco Row Limited is asset-light, instead purchasing infrastructure from the hundreds of carriers globally, the company get the best prices for clients, design a solution using the most appropriate technology to meet customers' global requirements, and is 100% focused on delivering the highest quality customer service.

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 principals (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 realisation 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

Vanco Row Limited

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

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 liability to 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

Vanco Row Limited

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

b) Currency Translation

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.

Functional Currency and Presentation Currency

Initially, these financial statements are presented in Indian Rupee. Functional currency of the Company is GBP.

c) Financial Instruments

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

(a) 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.

Vanco Row Limited

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

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.

Vanco Row Limited

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

(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) 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.

Vanco Row Limited

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

e) Share Capital

Ordinary Common Shares are classified as equity.

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 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) 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 .

Vanco Row Limited

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

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.

A network contract typically covers the design, supply and installation of the network and thereafter the provision of Packaged Network Solutions. Turnover relating to the initial part of the contract is recognized over the contract implementation period. The remainder of the contract value is recognized evenly over the period of the contract.

To the extent that the recognition differs from the contractual billing terms, either turnover is accrued or amounts billed in advance are treated as deferred income.

- i) that affect the reported amount of assets and liabilities on the date of the consolidated financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognised in the period in which the results are known / materialized.

j) 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

Vanco Row Limited

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

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.

Vanco Row Limited**Notes Forming part of the Financial Statements for the year ended March 31, 2019**

Particulars	(Amount in ₹)	
	As at March 31, 2019	As at March 31, 2018
NOTE # 2.01 Cash and Cash Equivalents		
Balances with Bank	1,89,516	76,921
Total	1,89,516	76,921
NOTE # 2.02 Others Current Financial Assets		
Unsecured, Considered good		
Due from Related Parties	18,26,94,309	14,07,22,424
Considered doubtful	-	-
	18,26,94,309	14,07,22,424
Less: Provision for doubtful advances	-	-
Total	18,26,94,309	14,07,22,424
NOTE # 2.03 Other Current Assets		
Deposits	-	3,580
Balances with Government Authorities	13,02,057	24,82,457
Prepaid Expenses	16,68,933	12,02,122
Total	29,70,990	36,88,159

	As at March 31, 2019	As at March 31, 2018
NOTE # 2.04 Equity Share Capital		
Share Capital		
Authorised		
100 Ordinary shares @£ 1 per share	9,041	9,228
	<u>9,041</u>	<u>9,228</u>
Issued, Subscribed and Paid up:		
2 Ordinary shares @£ 1 per share	181	185
	<u>181</u>	<u>185</u>

a) Ordinary Shares held by Holding Company and Subsidiary of Holding Company

	No. of Shares	No. of Shares
Vanco UK Limited	2	2
	<u>2</u>	<u>2</u>

b) Details of ordinary shares held by shareholders holding more than 5% of the aggregate shares in the Company

	% of Holding	No. of Shares	% of Holding	No. of Shares
Vanco UK Limited	100%	2	100%	2

c) Rights, Preferences and Restriction attached to the shares

The Company has Ordinary Shares (shares) having a par value of £ 1 per share and each holder of Ordinary 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.

d) Reconciliation of share outstanding at the beginning and at the end of March 31, 2019

Ordinary Share	No. of Shares	Amount	No. of Shares	Amount
Balance as at the beginning of the year	2	181	2	185
Add: Shares issued during the year	-	-	-	-
Balance at the end of Period	2	181	2	185

	As at March 31, 2019	As at March 31, 2018
NOTE # 2.05 Other Equity		
Foreign Exchange Translation Reserve	(31,64,018)	(16,54,637)
Surplus / Deficit in Statement of Profit and Loss		
As per last Balance Sheet	11,33,10,668	7,95,97,917
Add: Surplus/(Deficit) during the year	<u>(4,47,56,182)</u>	<u>3,37,12,751</u>
	<u>6,53,90,468</u>	<u>11,16,56,031</u>

Vanco Row Limited**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
--------------------	---------------------------------	---------------------------------

NOTE # 2.06 Trade Payables-Current

Trade Payables	24,12,038	65,89,086
Trade Accrual	2,84,89,134	2,61,11,949
Total	3,09,01,172	3,27,01,035

NOTE # 2.07 Other Financial liabilities-Current

Employee Benefits Payable	-	-
Due to Related Parties	8,95,62,994	1,30,253
Total	8,95,62,994	1,30,253

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

Particulars	(Amount in ₹)	
	For the Year Ended March 31, 2019	For the Year Ended March 31, 2018
NOTE # 2.08 Revenue from Operations		
Enterprise Value Added Services	38,11,10,957	28,04,64,580
Total	38,11,10,957	28,04,64,580
NOTE # 2.09 Other Income		
Realised Gain on Foreign Exchange Fluctuation	-	-
Unrealised Gain on Foreign Exchange Fluctuation	-	-
Reversal of Provision	17,010	1,16,50,243
Total	17,010	1,16,50,243
NOTE # 2.10 Network Operating Expenses		
Network Operating Expenses	42,35,54,932	24,96,89,528
Total	42,35,54,932	24,96,89,528
NOTE # 2.11 Finance Cost		
Interest and Financial Charges	-	-
Total	-	-
NOTE # 2.12 Other Expenses		
Legal Fees	-	-
Professional Fees	-	-
Bank Charges	3,25,116	4,49,058
Repairing & Maintenances Others	-	-
Loss on Foreign Exchange Fluctuation	-	79,03,733
Miscellaneous	3,889	569
	19,69,975	83,53,360
Payment to Auditors	3,59,242	3,59,184
Total	23,29,217	87,12,544

Vanco Row Limited

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

Note 2.13

Segment Reporting

The Company has determined its business segment as telecommunication network unit taking into account the nature of services provided, class of customers for the services provided, the differing risks and returns and the internal business reporting systems. Since 100% of the business of Company is from telecommunication network unit, there are no other reportable segments.

The segment revenue, segment result, total carrying amount of segment assets, total amount of segment liabilities, total cost incurred during the year to acquire segments assets, segment depreciation and amortisation for the year are reflected within the financial statements of the Company as of and for the year ended March 31, 2019.

Substantial network assets are located across geographic territories and therefore not identifiable to any particular geographical segment.

Note 2.14

Earnings Per Share

		INR except number of shares	
Particulars		Year ended March 31, 2019	Year ended March 31, 2018
A	Profit attributable to Equity Shareholders	44,756,182	3,37,12,751
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)	(22,378,091)	1,68,56,376

Note 2.15

Notes to Foreign Exchange Translation Reserve

The amounts relating to Balance Sheet items appearing in Indian Rupees have been translated at Closing Rate of 1 GBP = USD 1.3074 & 1 USD = INR 69.1550 (March 31, 2018 1 GBP = INR 92.2775) and items relating to profit and loss have been translated at average rate of 1 GBP = USD 1.31510 & 1 USD = INR 69.9160 (March 31, 2018 1 GBP = INR 85.5198).

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

2.16 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 :

List of related parties:

(a) Parties where control exist:

- i. Reliance Communication Limited
- ii. Reliance Vanco Group Limited
- iii. Vanco UK Limited

(b) Enterprises as affiliated companies are:

- i) Vanco Global Limited
- ii) Vanco International Limited
- iii) VNO Direct Limited
- iv) Vanco SAS
- v) Euronet Spain SA
- vi) Vanco Srl
- vii) Vanco GmbH
- viii) Vanco Deutschland GmbH
- ix) Vanco Switzerland A.G.
- x) Vanco B.V.
- xi) Vanco NV
- xii) Vanco US LLC
- xiii) Vanco Solutions Inc.
- xiv) Vanco Australasia Pty. Limited
- xv) Vanco (Asia Pacific) Pte. Limited
- xvi) Vanco Japan KK
- xvii) Vanco (Shanghai) Co. Ltd.
- xviii) Vanco Sp Zoo
- xix) Vanco Sweden AB
- xx) Vanco South America Ltda
- xxi) Reliance Communication Infrastructure Limited

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

(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	8,75,48,668	2,27,84,116
Fellow subsidiaries	29,35,62,289	25,76,80,464
Total	38,11,10,957	28,04,64,580

(d) Purchases of services

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Network Operating Expenses		
Parent company	1,60,04,930	22,27,102
Fellow subsidiaries	17,43,71,459	1,37,81,886
Total	19,03,76,389	1,60,08,988

(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	-	-
Total	-	-

Particulars	As at March 31, 2019	As at March 31, 2018
Due To related parties		
Parent company	3,95,31,979	-
Fellow subsidiaries	5,00,31,015	1,30,253
Total	8,95,62,994	1,30,253

Particulars	As at March 31, 2019	As at March 31, 2018
Due From related parties		
Parent company	8,63,47,694	8,67,39,312
Fellow subsidiaries	9,63,46,615	5,39,83,112
Total	18,26,94,309	14,07,22,424

Vanco Row Limited

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

Note 2.17

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

For Shridhar & Associates

Chartered Accountants

Firm Registration No. 134427W

For Vanco Row Limited

Jitendra Sawjany

Partner

Membership No. 050980

Andrew Goldie

Director

Place : Mumbai

Date : 22nd May, 2019

Place :

Date : 21st May, 2019

Independent Auditors' Report

To the Board of VNO Direct Limited

Report on the Ind AS Financial Statements

Opinion

We have audited the accompanying standalone Ind AS financial statements of **VNO Direct 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 2.03 & 2.04 of the notes to the financial statements where the company has negative net worth amounting to INR 33,98,72,952 for the year 2019 and INR 33,85,35,799 for the year 2018 (excluding loss on account of FCTR). The financial statements are prepared under going concern assumption since the ultimate parent company(GCX Limited) will continue to support the company in meeting its liabilities as they fall due within the coming 12 months.

The (GCX Limited) 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 Sawjany
Partner
Membership No.050980

Place: Mumbai
Date: 22nd May 2019

VNO Direct Limited
Balance Sheet as at March 31, 2019

		(Amount in ₹)	
Particulars	Note No.	As at March 31, 2019	As at March 31, 2018
ASSETS			
Current Assets			
(a) Loans			
(i) Others	2.01	1,21,921	-
(b) Other current assets	2.02	-	74,652
Total Assets		1,21,921	74,652
EQUITY AND LIABILITIES			
EQUITY			
(a) Equity Share Capital	2.03	4,70,14,888	4,79,84,300
(b) Other Equity	2.04	(35,07,74,182)	(35,76,37,816)
Total Equity		(30,37,59,294)	(30,96,53,516)
LIABILITIES			
Current liabilities			
(a) Financial Liabilities			
(i) Trade Payables	2.05	3,65,722	4,05,098
(ii) Other financial liabilities	2.06	30,35,15,493	30,93,23,070
Total current liabilities		30,38,81,215	30,97,28,168
Total Equity and Liabilities		1,21,921	74,652
General Information			
General Information	1.01		
Significant Accounting Policies	1.02		
Notes to 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 VNO Direct Limited

Jitendra Sawjany
Partner
Membership No. 050980

Andrew Goldie
Director

Place : Mumbai
Date : 22nd May, 2019

Place :
Date : 21st May, 2019

VNO Direct Limited
Statement of Profit & Loss For the year Ended March 31, 2019

Particulars	Note No.	(Amount in ₹)	
		For the Year Ended March 31, 2019	For the Year Ended March 31, 2018
Revenue:			
Other Income	2.07	17,010	-
Total Revenue		17,010	-
Expenses:			
Other expenses	2.08	3,84,751	3,59,184
Total Expenses		3,84,751	3,59,184
Profit before exceptional and extraordinary items and tax (III - IV)		(3,67,741)	(3,59,184)
Exceptional items		-	-
Profit before extraordinary items and tax (V - VI)		(3,67,741)	(3,59,184)
Tax expense:			
(1) Current tax		-	-
(2) Deferred tax		-	-
Profit (Loss) for the period from continuing operations (VII-VIII)		(3,67,741)	(3,59,184)
Profit (Loss) for the year		(3,67,741)	(3,59,184)
Other comprehensive income (Items that may be subsequently reclassified to statement of profit or loss)			
Currency Translation		72,31,375	72,31,375
Total comprehensive Income for the year		68,63,634	68,72,191
Earnings per equity share:			
(1) Basic	2.10	(0.001)	(0.001)
(2) Diluted	2.10	(0.001)	(0.001)
General Information	1.01		
Significant Accounting Policies	1.02		
Notes to 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 VNO Direct Limited

Jitendra Sawjany
Partner
Membership No. 050980

Andrew Goldie
Director

Place : Mumbai
Date : 22nd May, 2019

Place :
Date : 21st May, 2019

VNO Direct Limited
Statement of Cash Flow for the year ended March 31 , 2019

Particulars	For the Year ended 31st March, 2019	For the Year ended 31st March, 2018
A CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before tax as per Profit and Loss Account	(3,67,741)	(3,59,184)
Adjusted for:		
Foreign Currency Translation and exchange movement (net)	<u>62,61,963</u>	<u>(3,81,51,437)</u>
Operating Profit before Working Capital Changes	58,94,222	(3,85,10,621)
Adjusted for:		
(Decrease)/ Increase in trade payables	(39,376)	62,476
(Increase)/ Decrease in other current assets	<u>74,652</u>	<u>(9,121)</u>
	<u>35,276</u>	53,355
Cash Generated from Operations	<u>59,29,498</u>	<u>(3,84,57,266)</u>
Net Cash from Operating Activities	<u><u>59,29,498</u></u>	<u><u>(3,84,57,266)</u></u>
B CASH FLOW FROM INVESTING ACTIVITIES		
Net Cash Used in Investing Activities	<u>-</u>	<u>-</u>
C CASH FLOW FROM FINANCING ACTIVITIES		
Decrease/ (Increase) in other financial Assets	(1,21,921)	-
(Decrease)/ Increase in other financial liabilities	<u>(58,07,577)</u>	<u>3,84,57,266</u>
Net Cash from Financing Activities	<u><u>(59,29,498)</u></u>	<u><u>3,84,57,266</u></u>
Net Increase/ (Decrease) in Cash and Cash Equivalents	-	-
Opening Balance of Cash and Cash Equivalents	-	-
Closing Balance of Cash and Cash Equivalents	<u><u>-</u></u>	<u><u>-</u></u>
As per our report of even date attached		

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

For VNO Direct Limited

Jitendra Sawjany
Partner
Membership No. 050980

Andrew Goldie
Director

Place : Mumbai
Date : 22nd May,2019

Place :
Date : 21st May, 2019

VNO Direct 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	Reserves and Surplus	Other Comprehensive Income		
		Retained Earnings	Foreign Exchange Translation Reserve*		
Balance as at 01.04.2017	4,20,69,300	(38,61,60,915)	7,29,48,720	(31,32,12,195)	(27,11,42,895)
Change in equity share capital during the year	-	-	-	-	-
Surplus/ (Deficit) of Statement of Profit and Loss	-	(3,59,184)	-	(3,59,184)	(3,59,184)
Foreign Exchange Movement	59,15,000	-	-	-	59,15,000
Currency Translation	-	-	(4,40,66,437)	(4,40,66,437)	(4,40,66,437)
Balance as at 31.03.2018	4,79,84,300	(38,65,20,099)	2,88,82,283	(35,76,37,816)	(30,96,53,516)
Surplus/ (Deficit) of Statement of Profit and Loss	-	(3,67,741)	-	(3,67,741)	(3,67,741)
Foreign Exchange Movement	(9,69,412)	-	-	-	(9,69,412)
Currency Translation	-	-	72,31,375	72,31,375	72,31,375
Balance as at 31.03.2019	4,70,14,888	(38,68,87,840)	3,61,13,658	(35,07,74,182)	(30,37,59,294)

*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 VNO Direct Limited

Jitendra Sawjany

Partner

Membership No. 050980

Andrew Goldie

Director

Place : Mumbai

Date : 22nd May, 2019

Place :

Date : 21st May, 2019

VNO Direct Limited

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

1.01 GENERAL INFORMATION

VNO Direct Limited is a virtual Network operator. The Company provides enterprise clients with managed network solutions including the design, integration, implementation, security and management of global corporate networks. The Company provides IT Outsourcers enabling the sub-contract of the above service package as part of a wider IT outsourcing solution.

VNO Direct Limited is asset-light, instead purchasing infrastructure from the hundreds of carriers globally, the company get the best prices for clients, design a solution using the most appropriate technology to meet customers' global requirements, and is 100% focused on delivering the highest quality customer service.

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 principals (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 realisation 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

VNO Direct Limited

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

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 liability to 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

VNO Direct Limited

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

b) Foreign Currency Translatio

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.

Functional Currency and Presentation Currency

Initially, these financial statements are presented in Indian Rupee. Functional currency of the Company is GBP.

c) Financial Instruments

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

(a) 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').

VNO Direct Limited

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

(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,

VNO Direct Limited

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

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) Share Capital

Ordinary Common Shares are classified as equity.

e) 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.

VNO Direct Limited

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

f) Provisions and Contingent Liabilities

Provisions are recognised when there is a present 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.

g) 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 the consolidated financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognised in the period in which the results are known / materialized.

h) 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

VNO Direct Limited

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

- the weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

VNO Direct Limited**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
NOTE # 2.01 Others Current Financial Assets		
Other Loans and Advances		
Due from Related Parties	1,21,921	-
Total	1,21,921	-
NOTE # 2.02 Other Current Assets		
Balances with Government Authorities	-	74,652
Total	-	74,652

	As at March 31, 2019	(Amount in ₹) As at March 31, 2018
NOTE # 2.03 Equity Share Capital		
Share Capital		
Authorised		
520,000,000 Ordinary shares @£ 0.001 per share	4,70,14,888	4,79,84,300
	4,70,14,888	4,79,84,300
Issued, Subscribed and Paid up:		
520,000,000 Ordinary shares @£ 0.001 per share	4,70,14,888	4,79,84,300
	4,70,14,888	4,79,84,300

a) Ordinary Shares held by Holding Company and Subsidiary of Holding Company

	No. of Shares	No. of Shares
Reliance Vanco Group Limited	52,00,00,000	52,00,00,000
	52,00,00,000	52,00,00,000

b) Details of ordinary shares held by shareholders holding more than 5% of the aggregate shares in the Company

	% of Holding	No. of Shares	% of Holding	No. of Shares
Reliance Vanco Group Limited	100%	52,00,00,000	100%	52,00,00,000

c) Rights, Preferences and Restriction attached to the shares

The Company has Ordinary Shares (shares) having a par value of £ 0.001 per share and each holder of Ordinary 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.

d) Reconciliation of share outstanding at the beginning and at the end of March 31, 2019

Ordinary Share	No. of Shares	Amount	No. of Shares	Amount
Balance as at the beginning of the year	52,00,00,000	4,70,14,888	52,00,00,000	4,79,84,300
Add: Shares issued during the year	-	-	-	-
Balance at the end of Period	52,00,00,000	4,70,14,888	52,00,00,000	4,79,84,300

	As at March 31, 2019	As at March 31, 2018
NOTE # 2.04 Other Equity		
Foreign Exchange Translation Reserve	3,61,13,658	2,88,82,283
Retained Earnings		
Opening Balance	(38,65,20,099)	(38,61,60,915)
Add: Surplus/ (Deficit) of Statement of Profit and Loss	(3,67,741)	(3,59,184)
	(35,07,74,182)	(35,76,37,816)

VNO Direct Limited**Notes Forming part of the Financial Statements for the year ended March 31, 2019**

Particulars	(Amount in ₹)	
	As at March 31, 2019	As at March 31, 2018
NOTE # 2.05 Trade Payables-Current		
Trade Accrual	<u>3,65,722</u>	<u>4,05,098</u>
Total	<u>3,65,722</u>	<u>4,05,098</u>
 NOTE # 2.06 Other Financial liabilities-Current		
Due to Related Parties	<u>30,35,15,493</u>	<u>30,93,23,070</u>
Total	<u>30,35,15,493</u>	<u>30,93,23,070</u>

VNO Direct Limited**Notes Forming part of the Financial Statements for the year ended March 31, 2019**

Particulars	(Amount in ₹)	
	For the Year Ended March 31, 2019	For the Year Ended March 31, 2018
NOTE # 2.07 Other Income		
Reversal of Provision	17,010	-
Total	17,010	-
NOTE # 2.08 Other Expenses		
Foreign Exchange Fluctuation Realised Gain/Loss Net	25,240	-
	25,240	-
Payment to Auditors	3,59,511	3,59,184
Total	3,84,751	3,59,184

VNO Direct Limited

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

Note 2.09

Segment Reporting

The Company has determined its business segment as telecommunication network unit taking into account the nature of services provided, class of customers for the services provided, the differing risks and returns and the internal business reporting systems. Since 100% of the business of Company is from telecommunication network unit, there are no other reportable segments.

The segment revenue, segment result, total carrying amount of segment assets, total amount of segment liabilities, total cost incurred during the year to acquire segments assets, segment depreciation and amortisation for the year are reflected within the financial statements of the Company as of and for the year ended March 31, 2019.

Substantial network assets are located across geographic territories and therefore not identifiable to any particular geographical segment.

Note 2.10

Earnings Per Share

		INR except number of shares	
Particulars		Year ended March 31, 2019	Year ended March 31, 2018
A	Profit/(Loss) attributable to Equity Shareholders	(367,741)	(359,184)
B	Weighted average number of share of GBP 0.001 each used as denominator for calculating Basic and Diluted EPS	520,000,000	520,000,000
C	Basic and Diluted Earnings per Share (A/B)	(0.001)	(0.001)

Note 2.11

Notes to Foreign Exchange Translation Reserve

The amounts relating to Balance Sheet items appearing in Indian Rupees have been translated at Closing Rate of 1 GBP = USD 1.3074 & 1 USD = INR 69.1550 (March 31, 2018 1 GBP = INR 92.2775) and items relating to profit and loss have been translated at average rate of 1 GBP = USD 1.31510 & 1 USD = INR 69.9160 (March 31, 2018 1 GBP = INR 85.5198).

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

2.10 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 :

List of related parties:**(a) Parties where control exist:**

- i. Reliance Communication Limited
- ii. Reliance Vanco Group Limited

(b) Enterprises as affiliated companies are:

- i) Vanco ROW Limited
- ii) Vanco Global Limited
- iii) Vanco International Limited
- iv) Vanco SAS
- v) Euronet Spain SA
- vi) Vanco Srl
- vii) Vanco GmbH
- viii) Vanco Deutschland GmbH
- ix) Vanco Switzerland A.G.
- x) Vanco B.V.
- xi) Vanco NV
- xii) Vanco US LLC
- xiii) Vanco Solutions Inc.
- xiv) Vanco Australasia Pty. Limited
- xv) Vanco (Asia Pacific) Pte. Limited
- xvi) Vanco Japan KK
- xvii) Vanco (Shanghai) Co. Ltd.
- xviii) Vanco Euronet Sro
- xix) Vanco Sp Zoo
- xx) Vanco Sweden AB
- xxi) Vanco South America Ltda
- xxii) Reliance Communication Infrastructure Limited

(Amount in ₹)

(c) 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	30,35,15,493	30,93,23,070
Fellow subsidiaries	-	-
Total	30,35,15,493	30,93,23,070
Particulars	As at March 31, 2019	As at March 31, 2018
Advance to related parties		
Parent company	-	-
Fellow subsidiaries	1,21,921	-
Total	1,21,921	-

VNO Direct Limited

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

Note 2.13

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

For Shridhar & Associates

Chartered Accountants

Firm Registration No. 134427W

For VNO Direct Limited

Jitendra Sawjany

Partner

Membership No. 050980

Andrew Goldie

Director

Place : Mumbai

Date : 22nd May, 2019

Place :

Date : 21st May, 2019

Independent Auditors' Report

To the Board of Global Cloud Xchange Limited

Report on the Ind AS Financial Statements

Opinion

We have audited the accompanying standalone Ind AS financial statements of **Global Cloud Xchange 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.

Reliance Globalcom B.V. (Netherlands), the holding company, has availed a facility from Standard chartered bank (Lender), as amended from time to time. Shares of GCX Limited (GCX) and Global Cloud Xchange Limited (GCXL) were pledged to the lender against aforesaid facility. GCX and GCXL are not guarantors to the facility, the principal outstanding under facility is \$12.57 million. RGVV has delayed in the payment of dues to lender for which overall debt resolution plan is under consideration.

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.

Other Reporting Requirements

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.

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.

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

Jitendra Sawjany
Partner
Membership No.050980

Place: Mumbai
Date: 22nd May, 2019

Global Cloud Xchange Limited
Balance Sheet as at March 31, 2019

(Amount in ₹)
As at
March 31, 2018

Particulars	Notes	As at March 31, 2019	As at March 31, 2018
ASSETS			
Non-current assets			
Investment in subsidiary	3	23,477,174,316	22,126,018,886
Total Non-current assets		23,477,174,316	22,126,018,886
Current assets			
Financial assets			
Cash and cash equivalents	4 a	972,453	127,281
Other financial assets	4 b	140,856	2,984,869
Other current assets	5	1,099,852	858,236
Total Current assets		2,213,161	3,970,386
Total Assets		23,479,387,477	22,129,989,272
EQUITY AND LIABILITIES			
Equity			
Equity share capital	6 a	16,273,747,542	15,337,162,838
Other equity	6 b	7,204,846,378	6,788,078,674
Total Equity		23,478,593,920	22,125,241,512
LIABILITIES			
Current liabilities			
Financial liabilities			
Trade payables	7 a	793,557	307,952
Other financial liabilities	7 b	-	4,439,808
Total Current liabilities		793,557	4,747,760
Total Equity and Liabilities		23,479,387,477	22,129,989,272

General Information 1
Significant Accounting Policies 2
Notes to financial statements 3 - 18

The accompanying notes form an integral part of the financial statements
As per our report of even date attached

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

For Global Cloud Xchange Limited

Jitendra Sawjany
Partner
Membership No : 050980

William Barney
Director

Manikantan V.
Director

Place: Mumbai
Date: May 22, 2019

Place:
Date: May 21, 2019

Place:
Date: May 21, 2019

Global Cloud Xchange Limited
Statement of Profit & Loss Account for the year ended 31 March 2019

Particulars	Notes	(Amount in ₹)	
		For the year ended March 31, 2019	For the year ended March 31, 2018
INCOME			
Revenue from operations	8	5,033,952	4,640,112
Other income	9	13,152	461,830
Total Income		5,047,104	5,101,942
EXPENSES			
Other expenses	10	2,777,955	2,512,748
Total Expenses		2,777,955	2,512,748
Profit/(Loss) before tax		2,269,149	2,589,194
Income tax expense			
- Current tax		-	-
- Deferred tax		-	-
Profit/(Loss) for the year		2,269,149	2,589,194
Other comprehensive income			
Currency translation		(72,171)	(270,291,924)
Total comprehensive income/(loss) for the year		2,196,978	(267,702,730)
Earnings/(Loss)per share of US\$1 each			
- Basic and Diluted	11	0.01	0.01
General Information	1		
Significant Accounting Policies	2		
Notes to financial statements	3 - 18		

The accompanying notes form an integral part of the financial statements
As per our report of even date attached

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

For Global Cloud Xchange Limited

Jitendra Sawjany
Partner
Membership No : 050980

William Barney
Director

Manikantan V.
Director

Place: Mumbai
Date: May 22, 2019

Place:
Date: May 21, 2019

Place:
Date: May 21, 2019

Global Cloud Xchange Limited
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	
		Share Premium	Retained Earnings	Foreign Exchange Translation Reserve*		
Balance at April 1, 2017	15,260,682,931	6,484,698,630	(3,510,021)	270,435,378	6,751,623,987	22,012,306,918
Total Comprehensive Loss for the year	-	-	2,589,194	-	2,589,194	2,589,194
Foreign Exchange Movement	76,479,907	304,157,417	-	-	304,157,417	380,637,324
Currency translation	-	-	-	(270,291,924)	(270,291,924)	(270,291,924)
Balance at March 31, 2018	15,337,162,838	6,788,856,047	(920,827)	143,454	6,788,078,674	22,125,241,512
Total Comprehensive Income for the year	-	-	2,269,149	-	2,269,149	2,269,149
Foreign Exchange Movement	936,584,704	414,570,726	-	-	414,570,726	1,351,155,430
Currency translation	-	-	-	(72,171)	(72,171)	(72,171)
Balance at March 31, 2019	16,273,747,542	7,203,426,773	1,348,322	71,283	7,204,846,378	23,478,593,920

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

As per our report of even date attached

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

For Global Cloud Xchange Limited

Jitendra Sawjany
Partner
Membership No : 050980

William Barney
Director

Manikantan V.
Director

Place: Mumbai
Date: May 22, 2019

Place:
Date: May 21, 2019

Place:
Date: May 21, 2019

Global Cloud Xchange Limited
Statement of Cash flows for the year ended March 31, 2019

Particulars	(Amount in ₹)	
	For the year ended March 31, 2019	For the year ended March 31, 2018
A) CASH FLOW FROM OPERATING ACTIVITIES:		
Profit before tax	2,269,149	2,589,194
Adjustments for:		
Foreign Currency Translation and exchange movement (net)	(72,171)	12,355
	<u>2,196,978</u>	<u>2,601,549</u>
Adjustments for:		
Decrease/(Increase) in financial assets	2,844,013	(2,305,046)
(Increase)/Decrease in Other current assets	(241,616)	52,257
(Decrease) in Other financial liabilities	(4,439,808)	(317,095)
Increase/(Decrease) in Trade payables	485,605	(31,031)
	<u>(1,351,806)</u>	<u>(2,600,915)</u>
Cash Generated from Operations	845,172	634
Income Tax (paid) / refund	-	-
Net cash (used in)/generated from operating activities (A)	<u>845,172</u>	<u>634</u>
B) CASH FLOW FROM INVESTING ACTIVITIES:		
Net cash generated from investing activities (B)	-	-
	<u>-</u>	<u>-</u>
C) CASH FLOW FROM FINANCING ACTIVITIES:		
Net cash generated from financing activities (C)	-	-
	<u>-</u>	<u>-</u>
Net (Decrease) in cash and cash equivalents (A+B+C)	845,172	634
Cash and cash equivalents at the beginning of the year (Refer Note 4a)	127,281	126,647
Cash and cash equivalents at the end of the year (Refer Note 4a)	<u>972,453</u>	<u>127,281</u>

As per our report of even date attached

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

For Global Cloud Xchange Limited

Jitendra Sawjany
Partner
Membership No : 050980

Place: Mumbai
Date: May 22, 2019

William Barney
Director

Place:
Date: May 21, 2019

Manikantan V.
Director

Place:
Date: May 21, 2019

Global Cloud Xchange Limited
(All amounts are in USD ('US\$') unless otherwise stated)

Notes to Financial Statements

1. General information

Global Cloud Xchange Limited ("GCXL") "the Company" was incorporated in Bermuda and is a wholly owned subsidiary of Reliance Globalcom B.V., Netherland (RGBV). The registered address of the Company is Cumberland House, 9th Floor, 1 Victoria Street, Hamilton HM11, Bermuda. The Company is holding company of a multinational corporate organisation 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 subsidiaries.

2. Summary of significant accounting policies

This note provides a list of the significant accounting policies adopted in the preparation of these financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

These financial statements contain information about GCXL as an individual company and do not contain consolidated financial information as the parent of a Company. The company has availed the exemption in accordance with paragraph 4(a) of Ind AS 110 'Consolidated Financial Statements', from the requirement to prepare consolidated financial statements as it and its subsidiaries are included by full consolidation in the consolidated financial statements of its parent, Reliance Communications Limited. Reliance Communications Limited is incorporated in India and its consolidated financial statements are publicly available.

2. a. Basis of preparation

i) Compliance with Ind AS

The financial statements comply in all material aspects with the Companies (Indian Accounting Standards) Rules, 2015 as notified by Ministry of Corporate Affairs, Government of India (as amended).

ii) Historical cost convention

The financial statements have been prepared on a historical cost convention on accruals basis, except as disclosed in the accounting policies.

iii) Current / Non-current Classification

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 realisation 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.

iv) Going Concern

The Company has assessed its liquidity position and its possible sources of funds. The Board of Directors are confident of the Company's ability to meet its obligations as and when they arise in the next twelve months from the balance sheet date. Accordingly, these financial statements have been prepared on a going concern basis.

Global Cloud Xchange Limited
(All amounts are in USD ('US\$') unless otherwise stated)

Notes to Financial Statements

2. b. i) New standards and amendments adopted by the Company

The Company has applied the following standard and amendment 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 standard and amendment did not have material impact on these financial statements. There are no other Ind AS or amendments that are effective that would be expected to have a material impact on the Company's financial statements.

ii) Standards and amendments issued but not yet effective

The following amendment, which is issued but not yet effective and has not been early adopted by the Company.

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 amendment on the financial position and results of operation. There are no other standards or amendments 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.

2. c. List of subsidiaries

The following table sets out the list of direct or indirect subsidiaries.

Name of entity	Country of incorporation *	Percentage of Ownership Interest as at	
		March 31, 2019	March 31, 2018
1. GCX Limited	Bermuda	100%	100%
2. Reliance Globalcom Limited ("RGL") (including representative office in Thailand, Dubai, Spain and JAFZA)	Bermuda	99.996%	99.996%
3. FLAG Telecom Development Limited	Bermuda	99.996%	99.996%
4. FLAG Telecom Development Services Company LLC	Egypt	99.996%	99.996%
5. Reliance FLAG Atlantic France SAS	France	99.996%	99.996%
6. FLAG Telecom Deutschland GmbH	Germany	99.996%	99.996%
7. FLAG Telecom Hellas AE	Greece	99.996%	99.996%
8. FLAG Telecom Asia Limited (including Representative offices in China)	Hong Kong	99.996%	99.996%

Global Cloud Xchange Limited
(All amounts are in USD ('US\$') unless otherwise stated)

Notes to Financial Statements

Name of entity	Country of incorporation *	Percentage of Ownership Interest as at	
		March 31, 2019	March 31, 2018
9. Reliance Globalcom Limited	India	99.996%	99.996%
10. FLAG Telecom Network Services DAC	Ireland	99.996%	99.996%
11. Reliance FLAG Telecom Ireland DAC	Ireland	99.996%	99.996%
12. FLAG Telecom Ireland Network DAC	Ireland	99.996%	99.996%
13. FLAG Telecom Japan Limited	Japan	99.996%	99.996%
14. Seoul Telenet Inc. **	Korea	48.998%	48.998%
15. FLAG Telecom Singapore Pte. Limited	Singapore	99.996%	99.996%
16. FLAG Telecom Espana Network SAU	Spain	99.996%	99.996%
17. FLAG Holdings (Taiwan) Limited **	Taiwan	49.998%	49.998%
18. FLAG Telecom Taiwan Limited	Taiwan	59.998%	59.998%
19. FLAG Telecom Netherland BV	Netherlands	99.996%	99.996%
20. Reliance Globalcom (U.K.) Limited	United Kingdom	99.996%	99.996%
21. FLAG Atlantic UK Limited	United Kingdom	99.996%	99.996%
22. FLAG Telecom Network USA Limited	USA	99.996%	99.996%
23. FLAG Telecom Group Services Limited (FTGSL)	Bermuda	100 %	100 %
24. Reliance Vanco Group Limited	United Kingdom	100 %	100 %
25. Vanco Australasia Pty Limited	Australia	100 %	100 %
26. Vanco NV	Belgium	100 %	100 %
27. Vanco South America Ltda	Brazil	100 %	100 %
28. Vanco (Shanghai) Co. Limited	China	100 %	100 %
29. Vanco UK Limited	United Kingdom	100 %	100 %
30. Vanco Global Limited	United Kingdom	100 %	100 %
31. Vanco ROW Limited	United Kingdom	100 %	100 %
32. Vanco International Limited	United Kingdom	100 %	100 %
33. VNO Direct Limited	United Kingdom	100 %	100 %

Global Cloud Xchange Limited
(All amounts are in USD ('US\$') unless otherwise stated)

Notes to Financial Statements

Name of entity	Country of incorporation *	Percentage of Ownership Interest as at	
		March 31, 2019	March 31, 2018
34. Vanco SAS	France	100 %	100 %
35. Vanco Gmbh	Germany	100 %	100 %
36. Vanco Deutschland Gmbh	Germany	100 %	100 %
37. Vanco Srl	Italy	100 %	100 %
38. Vanco Japan KK	Japan	100 %	100 %
39. Vanco BV	Netherlands	100 %	100 %
40. Vanco Sp Zoo	Poland	100 %	100 %
41. Vanco Asia Pacific PTE Limited	Singapore	100 %	100 %
42. Net Direct SA (Proprietary) Limited (under liquidation)	South Africa	100 %	100 %
43. Euronet Spain SA	Spain	100 %	100 %
44. Vanco Sweden AB	Sweden	100 %	100 %
45. Vanco Switzerland A.G.	Switzerland	100 %	100 %
46. Vanco US LLC	USA	100 %	100 %
47. Vanco Solutions Inc	USA	100 %	100 %
48. Yipes Holdings Inc	USA	100 %	100 %
49. Reliance Globalcom Services Inc.	USA	100 %	100 %
50. YTV Inc.	USA	100 %	100 %

* It is impracticable to determine the principal place of business of the subsidiaries.

** Seoul Telenet Inc. and FLAG Holdings (Taiwan) Limited are subsidiaries of GCXL as the company's subsidiaries exercises control over ownership and/or composition of Board of Directors.

2. d. Segment reporting

Operating segment are reported in a manner consistent with the internal reporting provided to the chief operating decision maker (CODM).

The board of directors of GCXL have appointed a strategic steering committee which assesses the financial performance and position of the Company, and makes strategic decisions. The steering committee is headed by Company CEO who is performing the function of CODM. Refer note 14 for segment information presented.

2. e. Foreign currency

i) Functional and presentation currency

Items included in the financial statements of GCXL are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The Financial Statements are presented in 'US\$', which is presentation and functional currency of GCXL.

Notes to Financial Statements

ii) Transactions and balances

Transactions in foreign currencies are initially recorded at the exchange rate prevailing at the date of the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at reporting date exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of profit and loss.

Foreign exchange differences regarded as an adjustment to borrowing cost are presented in the Statement of profit and loss, within finance costs. All other foreign exchange gains and losses are presented in the Statement of profit and loss on a net basis within other (gains)/losses.

As at the reporting date, non-monetary items which are carried in terms of historical cost denominated in as foreign currency are reported using the exchange rate at the date of transaction. All non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss.

2. f. Impairment of Non-financial assets

Intangible assets that have indefinite useful life are tested annually for impairment or more frequently, if events or changes in circumstances indicate that they may be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An asset is treated as impaired when carrying cost of assets exceeds its recoverable value. An impairment loss is charged to the Statement of Profit and Loss in the year in which an asset is identified as impaired. Impairment loss recognised in prior accounting period is increased/ reversed (for the assets other than Goodwill) where there is change in the estimate of recoverable value. Recoverable value is higher of net selling price and value in use.

2. g. Financial Instruments

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

(A) 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) 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 Statement of Profit and Loss, transaction costs that are attributable to the acquisition of the financial asset.

Notes to Financial Statements

(III) Derecognition of financial assets

A financial asset is primarily derecognised when: (I) Rights to receive cash flows from the asset have expired, or (II) The company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under 'pass-through' arrangement and either (a) the company has transferred substantially all the risks and rewards of the asset, or (b) the company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

(IV) Impairment of financial assets

The company assesses at each date of balance sheet whether a financial asset or a group of financial assets is impaired. Ind AS 109 requires expected credit losses to be measured through a loss allowance. In determining the impairment of trade receivables, the company uses a practical expedient by computing the expected credit loss allowance for trade receivables based on a provision matrix. The provision matrix takes into account historical credit loss experience and is adjusted for forward looking information. The expected credit loss allowance is based on the ageing of the receivables that are due and allowance rates used in the provision matrix. For all other financial assets, expected credit losses are measured at an amount equal to the 12-month expected credit losses or at an amount equal to the life time expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition.

(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 at amortised cost,
- b) those to be measured as financial liabilities at fair value through profit and loss.

(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.

Notes to Financial Statements

2. h. Investment in subsidiaries

Investment in subsidiaries are carried at the cost in the financial statements.

2. i. Trade receivables

Trade receivables are amounts due from customers for the services performed in the ordinary course of business. Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing component, when they are recognised at fair value. The company hold the trade receivable with the objective to collect the contractual cash flow and therefore measure them subsequently at amortised cost using the effective interest method, less loss allowance.

2. j. Cash and cash equivalents

In the statement of cash flows, cash and cash equivalents includes cash in hand, bank balances and deposits, 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 (used for cash management purposes). In the Balance Sheet, bank overdrafts, if any, are shown as part of borrowings under current liabilities.

2. k. Share Capital

Ordinary 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.

2. l. Trade payables and other financial liabilities

Trade payables are obligations to pay for services that have been acquired in the ordinary course of business from suppliers. These amounts represent liabilities for services provided to the company prior to the end of financial year which are unpaid and unsecured. Trade payable and other financial liabilities are presented as current unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest rate method.

2. m. Provisions

Provisions are recognised when the company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as finance cost.

Notes to Financial Statements

2. n. Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the balance sheet where 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 counterparty.

2. 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 Company 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. Based on our impact analysis, the effect on adoption of Ind AS 115 was insignificant on the financial statements.

The Company recognizes revenue when the amount of revenue can be reliably measured and it is probable that future economic benefits will flow to the entity. 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.

Revenue from services is recognised over the period of contract on straight line basis.

2. p. Dividend income

Dividend income is recognised when GCXL right to receive dividend 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.

2. q. 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.

Notes to Financial Statements

2. r. Earnings per share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the group
- 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. s. Use of estimates

Estimates and judgements are continuously evaluated by the Company and are based on historical experience and various other assumptions and factors (including expectations of future events); that the Company believes to be reasonable under the existing circumstances.

Significant estimates relied upon in preparing these Financial Statements include impairment of investment.

Although the Company regularly assesses these estimates at each Balance Sheet date, actual results could differ materially from these estimates. Changes in estimates are recorded in the year in which they become known.

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

Critical accounting estimates

Impairment of Investment

Investments are reviewed for impairment, whenever events or changes in circumstances indicate that the carrying amount of such investments may not be recoverable. If any such indication exists, the recoverable amount of the investment is estimated in order to determine the extent of the impairment loss, if any.

Global Cloud Xchange Limited**Notes on accounts to the Balance Sheet and Statement of Profit and Loss for the Year Ended March 31, 2019**

Particulars	(Amount in ₹)	
	As at March 31, 2019	As at March 31, 2018
NOTE 3 Investments		
Non-current		
Investment in subsidiary- (valued at cost)		
(Unquoted, Non Trade)		
23,53,22,790 Ordinary share (March 31, 2017 : 23,53,22,790) of US\$1 each fully paid up, of GCX Limited (Refer Note 14 for pledge details)	23,47,71,74,316	22,12,60,18,886
Total	23,47,71,74,316	22,12,60,18,886
NOTE 4 Financial Assets		
a) Cash and cash equivalents:		
Balance with banks		
-in current accounts	9,72,453	1,27,281
Total	9,72,453	1,27,281
b) Other financial assets		
Current		
Current account balance with related party	1,40,856	29,84,869
Total	1,40,856	29,84,869
NOTE 5 Other Current Assets		
Balances with government authorities	10,99,852	8,58,236
Total	10,99,852	8,58,236

Global Cloud Xchange Limited
Notes on accounts to the Balance Sheet and Statement of Profit and Loss for the Year Ended March 31, 2019

(Amount in ₹)

Particulars	As at March 31, 2019	As at March 31, 2018
-------------	-------------------------	-------------------------

NOTE 6 Equity and Other equity
a) Equity share capital
Authorised

25,00,00,000 (25,00,00,000) Ordinary Shares of USD 1 each

17,28,87,50,000 16,29,37,50,000

Issued, subscribed & fully paid up (US\$1 per share)

23,53,22,790 (23,53,22,790) Ordinary Shares of USD 1 each

16,27,37,47,542 15,33,71,62,838

Total

16,27,37,47,542 15,33,71,62,838

(i) Movement in share capital
Balance at April 1, 2017

Change in equity share capital during the year

Add : Foreign Exchange Movement

Balance at March 31, 2018

Change in equity share capital during the year

Add : Foreign Exchange Movement

Balance at March 31, 2019

No of Shares	Amount in INR
23,53,22,790	15,26,06,82,931
-	-
	7,64,79,907
23,53,22,790	15,33,71,62,838
-	-
	93,65,84,704
23,53,22,790	16,27,37,47,542

(ii) Rights, preferences and restriction attached to the shares

The Company has only Ordinary Shares having a par value of US\$1 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 company
Ordinary Shares

Reliance Globalcom BV, the holding company (no. of shares)

23,53,22,790 23,53,22,790

(iv) Details of shareholders holding more than 5% of shares in the company
Ordinary Shares

 Reliance Globalcom BV, the holding company (no. of shares)
(Percentage of Holding)

As at March 31, 2018	As at March 31, 2017
23,53,22,790	23,53,22,790
(100%)	(100%)

b) Other equity
Reserves and surplus

Share premium

Retained earnings

Foreign Exchange Translation Reserve

Total

As at March 31, 2018	As at March 31, 2017
7,20,34,26,773	6,78,88,56,047
13,48,322	(9,20,827)
71,283	1,43,454
7,20,48,46,378	6,78,80,78,674

(i) Share premium

Opening balance

Add : Foreign Exchange Movement

Closing balance

6,78,88,56,047	6,48,46,98,630
41,45,70,726	30,41,57,417
7,20,34,26,773	6,78,88,56,047

Share Premium represents the premium charged to the shareholders at the time of issuance of shares.

(ii) Retained earnings

Opening balance

Net Profit/(Loss) for the year

Closing balance

(9,20,827)	(35,10,021)
22,69,149	25,89,194
13,48,322	(9,20,827)

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

(iii) Foreign Exchange Translation Reserve

Opening Balance

During the year

Closing balance

1,43,454	27,04,35,378
(72,171)	(27,02,91,924)
71,283	1,43,454

Global Cloud Xchange Limited**Notes on accounts to the Balance Sheet and Statement of Profit and Loss for the Year Ended March 31, 2019**

Particulars	(Amount in ₹)	
	As at March 31, 2019	As at March 31, 2018

NOTE 7 Financial Liabilities**a) Trade Payables****Current**

Trade accruals	7,93,557	3,07,952
Total	7,93,557	3,07,952

b) Other Financial Liabilities**Current**

Current account balance with related party	-	44,39,808
Total	-	44,39,808

Global Cloud Xchange Limited

Notes on accounts to the Balance Sheet and Statement of Profit and Loss for the Year Ended March 31, 2019

Particulars	(Amount in ₹)	
	For the year ended March 31, 2019	For the year ended March 31, 2018
NOTE 8 Revenue from operations		
Service income	<u>50,33,952</u>	<u>46,40,112</u>
Total	<u><u>50,33,952</u></u>	<u><u>46,40,112</u></u>
NOTE 9 Other income		
Miscellaneous income	-	-
Gain on foreign exchange fluctuation (net)	<u>13,152</u>	<u>4,61,830</u>
Total	<u><u>13,152</u></u>	<u><u>4,61,830</u></u>
NOTE 10 Other expenses		
Professional fees	<u>24,29,144</u>	<u>21,86,188</u>
Payment to auditors	<u>3,48,811</u>	<u>3,26,560</u>
Total	<u><u>27,77,955</u></u>	<u><u>25,12,748</u></u>

Global Cloud Xchange Limited**Notes on accounts to the Balance Sheet and Statement of Profit and Loss for the Year Ended March 31, 2019****11 Earnings per share**

The calculation of basic and diluted earnings per share has been based on the following profit attributable to ordinary shareholders and weighted-average number of ordinary shares outstanding.

(i) Profit attributable to ordinary shareholders:

	For the year ended March 31, 2019	For the year ended March 31, 2018
Profit/(Loss) for the year	22,69,149	25,89,194

(ii) Weighted-average number of ordinary shares:

Ordinary shares at April 1	23,53,22,790	23,53,22,790
Effect of shares issued during the year	-	-
Weighted-average number of ordinary shares at March 31	23,53,22,790	23,53,22,790

(iii) Basic and diluted earnings/(loss) per share	0.01	0.01
--	-------------	-------------

12 Segment reporting

The CEO of the Company Mr. William Barney is identified as the Chief Operating Decision Maker, who examine the Company's performance. The Company has only one reportable segment i.e. Management support service. Thus, segment revenue, segment results, total carrying value of segment assets and segment liabilities are reflected in the financial statements as at and for the year ended March 31, 2019.

The Company's revenue is INR 50,33,952 and it is from Reliance Globalcom Limited which is the only customer.

13 Related party transactions**List of related parties:****Where control exists:****(a) Parent companies**

- i. Reliance Communication Limited (ultimate holding)
- ii. Reliance Globalcom B.V (holding)

(b) Subsidiary Companies

Subsidiaries are direct or indirect subsidiaries of the company, refer note 2.c for list of subsidiaries.

The following transactions are carried out with related parties :

I. Sales of services

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Service revenue		
Subsidiary company	50,33,952	46,40,112
Total	50,33,952	46,40,112

II. Year-end balances arising from other transactions

Particulars	As at March 31, 2019	As at March 31, 2018
Other financial liabilities		
Subsidiary company	-	44,39,808
Total	-	44,39,808

Particulars	As at March 31, 2019	As at March 31, 2018
Other financial assets		
Subsidiary company	1,40,856	29,84,869
Total	1,40,856	29,84,869

Global Cloud Xchange Limited

Notes on accounts to the Balance Sheet and Statement of Profit and Loss for the Year Ended March 31, 2019

14 Pledge of Shares

Reliance Globalcom B.V., the Netherlands (RGBV), the holding company, has availed a facility from Standard Chartered Bank (Lender), as amended from time to time. Shares of GCX Limited (GCX) and Global Cloud Xchange Limited (GCXL) were pledged to the Lender against aforesaid facility. GCX and GCXL are not guarantors to the facility. The principal outstanding under facility is \$12.57 mn. RGBV has delayed in the payment of dues to lender for which overall debt resolution plan is under consideration.

15 Notes to Foreign Current Translation Reserve

The amounts relating to Balance Sheet items appearing in Indian Rupees have been translated at Closing Rate of 1 USD = INR 69.155 (March 31, 2018 1 USD = INR 65.185) and items relating to profit and loss have been translated at average rate of 1 USD = INR 69.916 (Previous Year 1 USD = INR 64.446).

16 The financial statements were authorised for issue by the board of directors on May 21, 2019.

17 The Previous year's figures have been regrouped and reclassified wherever necessary.

For Shridhar & Associates

Chartered Accountant
Firm Registration. No 134427W

For Global Cloud Xchange Limited

Jitendra Sawjany

Partner
Membership No : 050980

Place: Mumbai
Date: May 22, 2019

William Barney

Director

Place:
Date: May 21, 2019

Manikantan V.

Director

Place:
Date: May 21, 2019

Shridhar & Associates

Chartered Accountants

Independent Auditors' Report

To the Board of GCX Limited

Report on the Ind AS Financial Statements

Opinion

We have audited the accompanying standalone Ind AS financial statements of **GCX 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

On the basis of our audit it is noted that the current liabilities as at March 31, 2019 have exceeded the current assets by INR 22,86,13,54,413 as 7% Senior Secured Notes amounting to INR 24,20,42,50,000 (US\$3,50,000,000) with maturity date on August 1, 2019 are now classified as current borrowing. The company is in discussion with majority of its bondholders for renewal of the 7% Senior Security Notes. The ability of the Company to continue as going concern dependent on successful completion of refinancing activities initiated by the Company. Further the company is not generating profits from its operation. The company has net loss amounting to INR 1,79,25,39,122. (Previous year INR 1,79,23,44,265)

Based on our review, except for the matter described in the preceding paragraph, nothing has come to our notice that causes us to believe that the financial result of the operations for the year ended

March 31, 2019 has not been prepared in all material respect, in accordance with the generally accepted accounting principles.

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.

Reliance Globalcom B.V. (Netherlands), the holding company, has availed a facility from Standard chartered bank (Lender), as amended from time to time. Shares of GCX Limited (GCX) and Global Cloud Xchange Limited (GCXL) were pledged to the lender against aforesaid facility. GCX and GCXL are not guarantors to the facility, the principal outstanding under facility is \$12.57 million. RGVB has delayed in the payment of dues to lender for which overall debt resolution plan is under consideration.

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.

Other Reporting Requirements

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.

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.

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

Jitendra Sawjany
Partner
Membership No.050980

Place: Mumbai
Date: 22nd May, 2019

GCX Limited

Balance Sheet as on March 31, 2019

		(Amount in ₹)	
Particulars	Notes	As at March 31, 2019	As at March 31, 2018
ASSETS			
Non-Current Assets			
Investments	4	40,789,810,522	38,442,280,396
Total Non-Current Assets		40,789,810,522	38,442,280,396
Current Assets			
Financial Assets			
Cash and Cash Equivalents	5a	394,557,378	1,441,954,827
Loans	5b	1,265,313,604	1,731,540,713
Other Current Assets	6	1,618,819	1,247,441
Total Current Assets		1,661,489,801	3,174,742,981
Total Assets		42,451,300,323	41,617,023,377
EQUITY AND LIABILITIES			
Equity			
Equity Share Capital	7a	16,273,747,542	15,337,162,838
Other Equity			
Reserves and Surplus	7b	1,654,708,567	3,230,458,561
Total Equity		17,928,456,109	18,567,621,399
LIABILITIES			
Non-Current Liabilities			
Financial Liabilities			
Borrowings	8a(i)	-	22,744,958,847
Total Non-Current Liabilities		-	22,744,958,847
Current Liabilities			
Financial Liabilities			
Borrowings	8a(ii)	24,204,250,000	-
Trade Payables	8b	11,633,599	12,163,774
Other Financial Liabilities	8c	306,960,615	292,279,357
Total Current Liabilities		24,522,844,214	304,443,131
Total Liabilities		24,522,844,214	23,049,401,978
Total Equity and Liabilities		42,451,300,323	41,617,023,377
General Information			
Significant Accounting Policies	1		
Notes on Accounts	2		
	4 - 21		

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

As per our report of even date attached

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

For GCX Limited

Jitendra Sawjany
Partner
Membership No : 050980
Place: Mumbai
Date: May 22, 2019

Rodney Riley
Director
Place:
Date: May 21, 2019

Rory Cole
Group Chief Financial Officer
Place:
Date: May 21, 2019

GCX 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	9	2,516,976	2,320,056
Other Income	10	13,083,904	3,285,605
Total Income		15,600,880	5,605,661
EXPENSES			
Finance Costs	11	1,784,055,300	1,764,044,528
Other Expenses	12	24,084,702	33,905,398
Total Expenses		1,808,140,002	1,797,949,926
Profit / (Loss) before tax		(1,792,539,122)	(1,792,344,265)
Income Tax Expense			
-Current Tax		-	-
-Deferred Tax		-	-
Profit / (Loss) after tax		(1,792,539,122)	(1,792,344,265)
Other Comprehensive Income			
Items that may be subsequently reclassified to statement of profit and loss			
Currency Translation		(197,781,598)	(60,315,505)
Total Comprehensive Income for the year		(1,990,320,720)	(1,852,659,770)
Earnings per share:			
- Basic	15	(7.62)	(7.62)
- Diluted	15	(7.62)	(7.62)
General Information	1		
Significant Accounting Policies	2		
Notes on Accounts	4 - 21		

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

As per our report of even date attached

For Shridhar & Associates

Firm Registration No. 134427W
Chartered Accountants

For GCX Limited

Jitendra Sawjany

Partner
Membership No : 050980
Place: Mumbai
Date: May 22, 2019

Rodney Riley

Director

Place:
Date: May 21, 2019

Rory Cole

Group Chief Financial Officer

Place:
Date: May 21, 2019

GCX Limited**Statement of Cash Flow for the year ended March 31, 2019**

Particulars	(Amount in ₹)	
	For the year ended March 31, 2019	For the year ended March 31, 2018
A) CASH FLOW FROM OPERATING ACTIVITIES:		
Loss before income tax	(1,792,539,122)	(1,792,344,265)
Adjustments for:		
Interest Income	(13,083,904)	(2,480,828)
Interest on 7% Senior Secured Notes ("Notes")	1,712,941,955	1,578,927,000
Credit Facility Fees	-	5,313,214
Interest on Loan from Bank	-	2,568,792
Foreign Currency Translation and exchange movement (net)	(24,010,228,486)	4,188,083
Accretion of Notes Issue Expenses	71,113,345	177,235,522
Operating Profit before Working Capital changes	(24,031,796,212)	(26,592,482)
Changes in working capital		
Decrease/(Increase) in Other Current Assets	(371,378)	754,800
Increase / (Decrease) in Trade Payable	(530,175)	(1,515,589)
Increase / (Decrease) in Other Financial Liabilities	(1,570,368)	2,420,561
Cash (Used in) Operations	(24,034,268,133)	(24,932,710)
Income taxes (paid) / refund	-	-
Net Cash (Used in) Operating Activities (A)	(24,034,268,133)	(24,932,710)
B) CASH FLOW FROM INVESTING ACTIVITIES:		
Repayment of Loan by Related Party (Net)	466,227,109	3,700,494,497
Interest Received	13,083,904	2,480,828
Net Cash Generated from Investing Activities (B)	479,311,013	3,702,975,325
C) CASH FLOW FROM FINANCING ACTIVITIES:		
Interest on Notes paid	(1,696,690,329)	(1,577,599,917)
Credit Facility fees paid	-	(5,313,214)
Net Cash (Used in) Financing Activities (C)	22,507,559,671	(2,238,666,998)
Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)	(1,047,397,449)	1,439,375,617
Add: Cash and Cash Equivalents at the beginning of the year (refer Note 5a)	1,441,954,827	2,579,210
Cash and Cash Equivalents at the end of the year (refer Note 5a)	394,557,378	1,441,954,827

As per our report of even date attached

For Shridhar & Associates

Firm Registration No. 134427W

Chartered Accountants

For GCX Limited

Jitendra Sawjany

Partner

Membership No : 050980

Place: Mumbai

Date: May 22, 2019

Rodney Riley

Director

Place:

Date: May 21, 2019

Rory Cole

Group Chief Financial Officer

Place:

Date: May 21, 2019

GCX Limited**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	
		Securities Premium Reserve	Retained Earnings	Foreign Exchange Translation Reserve *		
Balance as at April 1, 2017	15,260,682,932	6,484,698,630	(1,713,207,674)	246,438,885	5,017,929,841	20,278,612,773
Total Comprehensive Loss for the year	-	-	(1,792,344,265)	-	(1,792,344,265)	(1,792,344,265)
Foreign Exchange Movement	76,479,906	304,157,417	-	-	304,157,417	380,637,323
Currency translation	-	-	-	(299,284,432)	(299,284,432)	(299,284,432)
Balance as at March 31, 2018	15,337,162,838	6,788,856,047	(3,505,551,939)	(52,845,547)	3,230,458,561	18,567,621,399
Total Comprehensive Loss for the year	-	-	(1,792,539,122)	-	(1,792,539,122)	(1,792,539,122)
Foreign Exchange Movement	936,584,704	414,570,726	-	-	414,570,726	1,351,155,430
Currency translation	-	-	-	(197,781,598)	(197,781,598)	(197,781,598)
Balance as at March 31, 2019	16,273,747,542	7,203,426,773	(5,298,091,061)	(250,627,145)	1,654,708,567	17,928,456,109

* 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 GCX Limited**Jitendra Sawjany**

Partner

Membership No : 050980

Place: Mumbai

Date: May 22, 2019

Rodney Riley

Director

Place:

Date: May 21, 2019

Rory Cole

Group Chief Financial Officer

Place:

Date: May 21, 2019

GCX Limited

Notes to the Financial Statements

1. General information

GCX Limited ("GCX") is a wholly owned subsidiary of Global Cloud Xchange Limited, Bermuda (GCXL). The registered address of the Company is Cumberland House, 9th Floor, 1 Victoria Street, Hamilton HM11, Bermuda. The Company is a multinational corporate organisation that provides support services to its subsidiaries and through its subsidiaries it operates a global telecommunications network comprised of advanced fiber-optic cable systems and interfaces that are owned by, leased to, or otherwise available to the Company.

7% Senior Secured Notes of GCX have been listed on the Official List of the Singapore Exchange Securities Trading Limited ("SGX-ST").

References in these financial statements to the "Company", "GCX", "we" or "us" refer to GCX Limited.

2. Summary of significant accounting policies

This note provides a list of the significant accounting policies adopted in the preparation of these financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

2. a. Basis of preparation

The special purpose financial statements have been prepared in connection with the audit of the consolidated statutory financial statements of Reliance Communication Limited, the Company's ultimate holding company.

i) Compliance with Ind AS

The financial statements comply in all material aspects with the Companies (Indian Accounting Standards) Rules, 2015 as notified by Ministry of Corporate Affairs, Government of India (as amended) to the extent applicable to the standalone Ind AS financial statements.

ii) a) New standards and amendments adopted by the Company

The Company has applied the following standard and amendment 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 standard and amendment did not have material impact on these financial statements. There are no other Ind AS or amendments that are effective that would be expected to have a material impact on the Company's financial statements.

b) Standards and amendments issued but not yet effective

The following amendment, which is issued but not yet effective and has not been early adopted by the Company.

GCX Limited

Notes to the Financial Statements

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 amendment on the financial position and results of operation. There are no other standards or amendments 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.

iii) Historical Cost Convention

The financial statements have been prepared on a historical cost convention on accruals basis, except as disclosed in the accounting policies.

iv) Current / Non-current Classification

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 realisation 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.

GCX Limited

Notes to the Financial Statements

2. b. List of subsidiaries

The following table sets out the list of direct or indirect subsidiaries.

Name of entity	Country of incorporation*	Percentage of Ownership Interest as at	
		March 31, 2019	March 31, 2018
1. Reliance Globalcom Limited ("RGL") (including representative office in Thailand, Dubai, Spain and JAFZA)	Bermuda	99.996%	99.996%
2. FLAG Telecom Development Limited	Bermuda	99.996%	99.996%
3. FLAG Telecom Development Services Company LLC	Egypt	99.996%	99.996%
4. Reliance FLAG Atlantic France SAS	France	99.996%	99.996%
5. FLAG Telecom Deutschland GmbH	Germany	99.996%	99.996%
6. FLAG Telecom Hellas AE	Greece	99.996%	99.996%
7. FLAG Telecom Asia Limited (including Representative offices in China)	Hong Kong	99.996%	99.996%
8. Reliance Globalcom Limited	India	99.996%	99.996%
9. FLAG Telecom Network Services DAC	Ireland	99.996%	99.996%
10. Reliance FLAG Telecom Ireland DAC	Ireland	99.996%	99.996%
11. FLAG Telecom Ireland Network DAC	Ireland	99.996%	99.996%
12. FLAG Telecom Japan Limited	Japan	99.996%	99.996%
13. Seoul Telenet Inc. **	Korea	48.998%	48.998%
14. FLAG Telecom Singapore Pte. Limited	Singapore	99.996%	99.996%
15. FLAG Telecom Espana Network SAU	Spain	99.996%	99.996%
16. FLAG Holdings (Taiwan) Limited **	Taiwan	49.998%	49.998%
17. FLAG Telecom Taiwan Limited	Taiwan	59.998%	59.998%
18. FLAG Telecom Netherland BV	Netherlands	99.996%	99.996%
19. Reliance Globalcom (U.K.) Limited	United Kingdom	99.996%	99.996%
20. FLAG Atlantic UK Limited	United Kingdom	99.996%	99.996%
21. FLAG Telecom Network USA Limited	USA	99.996%	99.996%
22. FLAG Telecom Group Services Limited (FTGSL)	Bermuda	100%	100%
23. Reliance Vanco Group Limited	England	100%	100%

GCX Limited**Notes to the Financial Statements**

Name of entity	Country of incorporation*	Percentage of Ownership Interest as at	
		March 31, 2019	March 31, 2018
24. Vanco Australasia Pty Limited	Australia	100%	100%
25. Vanco NV	Belgium	100%	100%
26. Vanco South America Ltda	Brazil	100%	100%
27. Vanco (Shanghai) Co. Limited	China	100%	100%
28. Vanco UK Limited	England	100%	100%
29. Vanco Global Limited	England	100%	100%
30. Vanco ROW Limited	England	100%	100%
31. Vanco International Limited	England	100%	100%
32. VNO Direct Limited	England	100%	100%
33. Vanco SAS	France	100%	100%
34. Vanco Gmbh	Germany	100%	100%
35. Vanco Deutschland Gmbh	Germany	100%	100%
36. Vanco Srl	Italy	100%	100%
37. Vanco Japan KK	Japan	100%	100%
38. Vanco BV	Netherlands	100%	100%
39. Vanco Euronet Sp Zoo	Poland	100%	100%
40. Vanco Asia Pacific PTE Limited	Singapore	100%	100%
41. Net Direct SA (Proprietary) Limited (under liquidation)	South Africa	100%	100%
42. Euronet Spain SA	Spain	100%	100%
43. Vanco Sweden AB	Sweden	100%	100%
44. Vanco Switzerland A.G.	Switzerland	100%	100%
45. Vanco US LLC	USA	100%	100%
46. Vanco Solutions Inc	USA	100%	100%
47. Yipes Holdings Inc	USA	100%	100%
48. Reliance Globalcom Services Inc.	USA	100%	100%
49. YTV Inc.	USA	100%	100%

* It is impracticable to determine the principal place of business of the subsidiaries.

** Seoul Telenet Inc. and FLAG Holdings (Taiwan) Limited are subsidiaries of GCX Limited as the Company exercises control over ownership and/or composition of Board of Directors.

GCX Limited

Notes to the Financial Statements

2. c. Segment reporting

Operating segment are reported in a manner consistent with the internal reporting provided to the chief operating decision maker (CODM).

The board of directors of GCX Limited have appointed a strategic steering committee which assesses the financial performance and position of the Company, and makes strategic decisions. The steering committee is headed by Group CEO who is performing the function of CODM. Refer note 19 for segment information presented.

2. d. Foreign currency

i) Functional and presentation currency

Items included in the financial statements of GCX are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The Financial Statements are presented in 'USD', which is presentation and functional currency of GCX.

ii) Transactions and balances

Transactions in foreign currencies are initially recorded at the exchange rate prevailing at the date of the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at reporting date exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Profit and Loss.

Foreign exchange differences regarded as an adjustment to borrowing cost are presented in the Statement of Profit and Loss, within finance costs. All other foreign exchange gains and losses are presented in the Statement of Profit and Loss on a net basis within other (gains)/losses.

As at the reporting date, non-monetary items which are carried in terms of historical cost denominated in as foreign currency are reported using the exchange rate at the date of transaction. All non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss.

2. e. Impairment of Non-financial assets

Intangible assets that have indefinite useful life are tested annually for impairment or more frequently, if events or changes in circumstances indicate that they may be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An asset is treated as impaired when carrying cost of assets exceeds its recoverable value. An impairment loss is charged to the Statement of Profit and Loss in the year in which an asset is identified as impaired. Impairment loss recognised in prior accounting period is increased/ reversed (for the assets other than Goodwill) where there is change in the estimate of recoverable value. Recoverable value is higher of net selling price and value in use.

2. f. Financial Instruments

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

(A) 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) 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 Statement of Profit and Loss, transaction costs that are attributable to the acquisition of the financial asset.

(III) Derecognition of financial assets

A financial asset is primarily derecognised when: (I) Rights to receive cash flows from the asset have expired, or (II) The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under 'pass-through' arrangement and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

(IV) Impairment of financial assets

The Company assesses at each date of balance sheet whether a financial asset or a group of financial assets is impaired. Ind AS 109 requires expected credit losses to be measured through a loss allowance. In determining the impairment of trade receivables, the Company uses a practical expedient by computing the expected credit loss allowance for trade receivables based on a provision matrix. The provision matrix takes into account historical credit loss experience and is adjusted for forward looking information. The expected credit loss allowance is based on the ageing of the receivables that are due and allowance rates used in the provision matrix. For all other financial assets, expected credit losses are measured at an amount equal to the 12-month expected credit losses or at an amount equal to the life time expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition.

GCX Limited

Notes to the Financial Statements

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

(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.

2. g. Investment in subsidiaries

Investment in subsidiaries are carried at cost in the financial statements.

2. h. Trade receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing component, when they are recognised at fair value. The Company hold the trade receivable with the objective to collect the contractual cash flow and therefore measure them subsequently at amortised cost using the effective interest method, less loss allowance.

2. i. Cash and cash equivalents

In the statements of cash flows, cash and cash equivalents includes cash in hand, bank balances and deposits, 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 (used for cash management purposes).

In the Balance Sheet, bank overdrafts, if any, are shown as part of borrowings under current liabilities.

Cash and claims to cash that are restricted as to withdrawal or use in the ordinary course of business are disclosed separately as restricted cash, unless they are meant to be utilised for other than current operations, in which case they will be separately presented as restricted

GCX Limited

Notes to the Financial Statements

deposits under non-current assets.

2. j. Share capital

Ordinary shares are classified as equity.

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

2. k. Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the Statement of Profit and Loss over the expected period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date. If not, they are presented under non-current borrowings.

2. l. Trade payables and other financial liabilities

Trade payables are obligations to pay for services that have been acquired in the ordinary course of business from suppliers. These amounts represent liabilities for services provided to the Company prior to the end of financial year which are unpaid and unsecured. Trade payable and other financial liabilities are presented as current unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest rate method.

2. m. Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as finance cost.

GCX Limited

Notes to the Financial Statements

2. n. Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the Balance Sheet where 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 counterparty.

2. o. Revenue recognition

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

The 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 each of the 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.

Revenue from services is recognised over the period of contract in which the services are rendered.

2. p. Interest income

Interest income is recognised using the effective interest method.

2. q. Dividend income

Dividend income is recognised when GCX right to receive dividend 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.

2. r. 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.

2. s. Borrowing costs

Borrowing costs are recognised in the Statement of Profit and Loss using the effective interest method.

GCX Limited

Notes to the Financial Statements

2. t. Earnings per share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit / loss attributable to owners of the Company
- by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary 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 ordinary shares, and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

3 Use of estimates

Estimates and judgements are continuously evaluated by the Company and are based on historical experience and various other assumptions and factors (including expectations of future events); that the Company believes to be reasonable under the existing circumstances.

Significant estimates relied upon in preparing these Financial Statements include impairment of investment.

Although the Company regularly assesses these estimates at each Balance Sheet date, actual results could differ materially from these estimates. Changes in estimates are recorded in the year in which they become known.

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

Critical accounting estimates

Impairment of investment

Investments are reviewed for impairment, whenever events or changes in circumstances indicate that the carrying amount of such investments may not be recoverable. If any such indication exists, the recoverable amount of the investment is estimated in order to determine the extent of the impairment loss, if any.

GCX Limited**Notes on accounts to the Balance Sheet and Statement of Profit and Loss as on March 31, 2019**

(Amount in ₹)

Particulars	As at March 31, 2019	As at March 31, 2018
4 Investments		
Non-current		
Investments in Subsidiaries		
(Unquoted, Non Trade)		
31,604,315,300 (March 31, 2018: 31,604,315,300) Class A Common Shares of US\$ 0.01 each fully paid up, of Reliance Globalcom Limited, Bermuda (Refer Note 8)	40,788,980,593	38,441,498,231
1 (March 31, 2018: 1) Ordinary Share of US\$ 1 each fully paid up, of FLAG Telecom Group Services Limited, Bermuda (Refer Note 8)	829,929	782,165
Total	40,789,810,522	38,442,280,396
5 Financial Assets		
a) Cash and Cash Equivalents		
Balance with Banks -in current accounts	394,557,378	1,441,954,827
Total	394,557,378	1,441,954,827
b) Loans		
Current		
Unsecured considered good:		
Loan to Related Party (Interest Free Loan, repayable on demand)	1,265,313,604	1,731,540,713
Total	1,265,313,604	1,731,540,713
6 Other Current Assets		
Prepaid Expenses	1,079,579	973,730
Balances with Government Authorities	539,240	273,711
Total	1,618,819	1,247,441

GCX Limited

Notes on accounts to the Balance Sheet and Statement of Profit and Loss as on March 31, 2019

(Amount in ₹)

Particulars	As at March 31, 2019	As at March 31, 2018
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8 Financial Liabilities

a) Borrowings

i) Non-Current

Secured:

7% Senior Secured Notes due 2019 ("Notes")	-	22,744,958,847
(350,000 Notes at par value of US\$ 1000 each)		

Total	-	22,744,958,847
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Collateral and Securities

On August 1, 2014, GCX Limited (the parent) issued "7% Senior Secured Notes due 2019" for a total of US\$ 350,000,000 (the "Notes"). The Notes are listed on the Singapore Exchange Securities Trading Limited (SGX-ST), mature in 2019 and have a coupon rate of 7%. The shares of GCX Group's material subsidiaries, including those of RGL and FTGSL have been pledged in favor of the Senior Secured Notes Holders and the material subsidiaries also act as guarantors for the Senior Secured Notes.

As per the indenture, the Notes and the Subsidiary Guarantees granted under the Notes are secured by:

- a pledge by GCX and each Subsidiary Guarantor of the outstanding equity interests owned by them in any other Subsidiary Guarantor; and
- a security interest in the existing and future assets of GCX and each Grantor Guarantor.

ii) Current

Secured:

7% Senior Secured Notes due 2019 ("Notes")	24,204,250,000	-
(350,000 Notes at par value of US\$ 1000 each)		

Total	24,204,250,000	-
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Note:

On February 02, 2017, GCX Limited has borrowed funds using Revolving Credit facility("RCF") jointly from Standard Chartered Bank and Deutsche Bank AG for a period of 90 days. Interest rate applicable is LIBOR+3.50% Margin. This borrowing has been repaid on May 02, 2017.

GCX's subsidiaries namely Reliance Globalcom Limited, Bermuda, FLAG Telecom Group Services Limited and their material subsidiaries shares and certain assets have been pledged to the Banks and they are also guarantor for the above mentioned facility.

b) Trade Payables

Trade Payables	-	303,716
Trade Accrual	11,633,599	11,860,058

Total	11,633,599	12,163,774
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c) Other Financial Liabilities

Interest accrued but not due on Notes	282,382,919	266,131,293
Interest accrued but not due on Bank Loan	-	-
Current account balance with Related party	24,577,696	26,148,064

Total	306,960,615	292,279,357
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GCX Limited

Notes on accounts to the Balance Sheet and Statement of Profit and Loss as on March 31, 2019

(Amount in ₹)

Particulars	As at March 31, 2019	As at March 31, 2018
7 Equity and Other Equity		
a) Equity Share Capital		
Authorised	16,293,750,000	16,293,750,000
(25,00,00,000 (25,00,00,000) Ordinary Shares of US\$1 each)		
	16,293,750,000	16,293,750,000
Issued, subscribed & fully paid up	16,273,747,542	15,337,162,838
(23,53,22,790 (23,53,22,790) Ordinary Shares of US\$1 each)		
	16,273,747,542	15,337,162,838

i) Movement in share capital

	No. of Shares	Amount in INR
As at April 1, 2016	235,322,790	15,260,682,932
Issued during the year	-	-
Add: Foreign exchange conversion	-	76,479,906
As at March 31, 2018	235,322,790	15,337,162,838
Issued during the year	-	-
Add: Foreign exchange conversion	-	936,584,704
As at March 31, 2019	235,322,790	16,273,747,542

ii) Rights, preferences and restriction attached to the shares

The Company has only Ordinary Shares having a par value of US\$ 1 each 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. (Refer note 16 for details of Pledge of Shares).

iii) Shares of the company held by holding company

Ordinary Shares

Global Cloud Xchange Limited, Bermuda (No. of Shares)	235,322,790	235,322,790
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iv) Details of shareholders holding more than 5% of shares in the company

Ordinary Shares

Global Cloud Xchange Limited, Bermuda (No. of Shares)	235,322,790	235,322,790
(Percentage of Holding)	(100%)	(100%)

b) Other Equity

Reserves and Surplus

Securities Premium Reserves	7,203,426,773	6,788,856,047
Retained Earnings	(5,298,091,061)	(3,505,551,939)
Foreign Exchange Translation Reserve	(250,627,145)	(52,845,547)
Total	1,654,708,567	3,230,458,561

i) Securities Premium Reserves

Opening balance	6,788,856,047	6,484,698,630
Add: Foreign exchange conversion	414,570,726	304,157,417
Closing balance	7,203,426,773	6,788,856,047

(Securities Premium represents the premium charged to the shareholders at the time of issuance of shares.)

ii) Retained Earnings

Opening balance	(3,505,551,939)	(1,713,207,674)
Net Loss for the year	(1,792,539,122)	(1,792,344,265)
Closing balance	(5,298,091,061)	(3,505,551,939)

(Retained earnings represent the amount of accumulated earnings at each balance sheet date of GCX Limited, prepared in accordance with the basis of preparation section.)

iii) Foreign Exchange Translation Reserve

Opening balance	(52,845,547)	246,438,885
Add: Foreign Exchange Conversion	(197,781,598)	(299,284,432)
Closing balance	(250,627,145)	(52,845,547)

(Foreign exchange translation reserve: Exchange differences on translating the financial statements)

GCX Limited

Notes on accounts to the Balance Sheet and Statement of Profit and Loss as on March 31, 2019

(Amount in ₹)

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
9 Revenue from Operations		
Service Income	2,516,976	2,320,056
Total	2,516,976	2,320,056
10 Other Income		
Interest Income	13,083,904	2,480,828
Gain on Foreign Exchange Fluctuation (Net)	-	357,356
Miscellaneous Income	-	447,421
Total	13,083,904	3,285,605
11 Finance Costs		
Interest on Notes	1,712,941,955	1,578,927,000
Accretion of Notes Issue Expenses	71,113,345	177,235,522
Credit Facility Fees	-	5,313,214
Interest on Bank Loan	-	2,568,792
Total	1,784,055,300	1,764,044,528
12 Other Expenses		
Legal Fees	-	13,734,750
Professional Fees	15,106,658	15,731,185
Payment to Auditors	7,831,674	4,257,559
Loss on Foreign Exchange Fluctuation (Net)	555,760	-
Miscellaneous Expenses	590,610	181,904
Total	24,084,702	33,905,398

GCX Limited

Notes on accounts to the Balance Sheet and Statement of Profit and Loss as on March 31, 2019

13 Earnings per share

The calculation of basic and diluted earnings per share has been based on the following profit attributable to ordinary shareholders and weighted-average number of ordinary shares outstanding.

(Amount in ₹)			
Particulars		For the year ended March 31, 2019	For the year ended March 31, 2018
(i)	Loss for the year	(1,792,539,122)	(1,792,344,265)
(ii)	Weighted-average number of ordinary shares:		
	Ordinary shares at opening of the year	235,322,790	235,322,790
	Effect of shares issued during the year	-	-
	Weighted-average number of ordinary shares at closing of the year	235,322,790	235,322,790
(iii)	Basic and diluted earnings per share	(7.62)	(7.62)

14 Segment reporting

The CEO of the Company Mr. William Barney is identified as the Chief Operating Decision Maker, who examine the Company's performance. The Company has only one reportable segment i.e. Management support service. Thus, segment revenue, segment results, total carrying value of segment assets and segment liabilities are reflected in the financial statements as at and for the year ended March 31, 2019.

The Company's revenue is ₹ 2,516,976 and it is from Reliance Globalcom Limited which is the only customer.

GCX Limited

Notes on accounts to the Balance Sheet and Statement of Profit and Loss as on March 31, 2019

15 Related party transactions

List of related parties:

Where control exists:

(a) Parent companies

- i. Reliance Communication Limited (ultimate parent)
- ii. Reliance Globalcom B.V (intermediary parent)
- iii. Global Cloud Xchange Limited (immediate parent)

(b) Subsidiary Companies

Subsidiaries are direct or indirect subsidiaries of the company, refer note 2.b for list of subsidiaries.

(c) Fellow subsidiary Company

- i. Lagerwood Investments Limited

The following transactions are carried out with related parties:

I. Sales of services

Particulars	(Amount in ₹)	
	For the year ended March 31, 2019	For the year ended March 31, 2018
Service Revenue		
Subsidiary Company	2,516,976	2,320,056
Total	2,516,976	2,320,056

II. Year-end balances arising from other transactions

Particulars	(Amount in ₹)	
	For the year ended March 31, 2019	For the year ended March 31, 2018
Other Financial Liabilities		
Parent company	-	2,984,869
Fellow subsidiary company	24,577,687	23,163,195
Total	24,577,687	26,148,064

III. Loans to related parties

Loan to subsidiary company:		(Amount in ₹)
Particulars	As at March 31, 2019	As at March 31, 2018
Beginning of the year	1,731,540,713	5,432,035,210
Loan given during the year	-	-
Loan paid during the year	(466,227,109)	(3,700,494,497)
End of the year	1,265,313,604	1,731,540,713

Loan to related parties include short term funding and reimbursement of expenditure incurred on their behalf.

GCX Limited

Notes on accounts to the Balance Sheet and Statement of Profit and Loss as on March 31, 2019

16 Pledge of Shares

Reliance Globalcom B.V., the Netherlands (RGBV), the holding company, has availed a facility from Standard Chartered Bank (Lender), as amended from time to time. Shares of GCX Limited (GCX) and Global Cloud Xchange Limited (GCXL) were pledged to the Lender against aforesaid facility. GCX and GCXL are not guarantors to the facility. The principal outstanding under facility is US\$12.57 MN. RGBV has delayed in the payment of dues to lender for which overall debt resolution plan is under consideration.

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 = INR 69.1550 (March 31, 2018 1 USD = INR 65.175) and items relating to profit and loss have been translated at average rate of 1 USD = INR 69.9160 (Previous Year 1 USD = INR 64.446).

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

18 The financial statements were authorised for issue by the board of directors on May 21, 2019.

19 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 Sawjany

Partner
Membership No : 050980

Place: Mumbai

Date: May 22, 2019

Rodney Riley

Director

Place:

Date: May 21, 2019

Rory Cole

Group Chief Financial Officer

Place:

Date: May 21, 2019

Independent Auditors' Report

To the Board of YTV Inc

Report on the Ind AS Financial Statements

Opinion

We have audited the accompanying standalone Ind AS financial statements of **YTV 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.

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.

Other Reporting Requirements

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.

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.

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

Jitendra Sawjany
Partner
Membership No.050980

Place: Mumbai
Date: 22nd May, 2019

YTV Inc.**Balance Sheet as on March 31, 2019**

Particulars	Notes	Amount in ₹	
		As at March 31, 2019	As at March 31, 2018
ASSETS			
Current Assets			
Financial Assets			
Cash and Cash Equivalents	1.1	69	65
Total non-current assets		69	65
Total Assets			
EQUITY AND LIABILITIES			
Equity			
Equity Share capital	1.2	69	65
Other Equity		-	-
Total Equity		69	65
LIABILITIES			
Current Liabilities			
Financial Liabilities			
Other Financial Liabilities		-	-
Total Current Liabilities		-	-
Total Equity and Liabilities			

Notes to the Financial Statements **1.1 - 1.2**

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 YTV Inc.

Jitendra Sawjany

Partner

Membership no. 050980

Place : Mumbai

Date : May 22, 2019

B. K. Sinha

Director

Place :

Date : May 21, 2019

YTV Inc.**Statement of Profit & Loss for the year ended on March 31, 2019**

Amount in ₹

Particulars	Note No.	For the Year Ended March 31, 2019	For the Year Ended March 31, 2018
Revenue			
Revenue from Operations		-	-
Other Income		-	-
Total Revenue		-	-
Expenses:			
Network Operating Expenses		-	-
Other Expenses		-	-
Total Expenses		-	-
Profit before tax		-	-
Tax Expense:			
Current Tax		-	-
Deferred Tax		-	-
Profit (Loss) for the year		-	-
Other comprehensive income			
Items that may be subsequently reclassified to Statement of Profit and Loss			
Currency Translation		-	-
Total comprehensive income for the year		-	-
Earnings per equity share:			
Basic		-	-
Diluted		-	-

Notes to the Financial Statements**1.1 - 1.2****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 YTV Inc.**Jitendra Sawjany**

Partner

Membership no. 050980

Place : Mumbai

Date : May 22, 2019

B. K. Sinha

Director

Place :

Date : May 21, 2019

YTV Inc.**Cash Flow Statement for the year ended on March 31, 2019****Particulars****For the Year Ended
March 31, 2019**Amount in ₹
**For the Year Ended
March 31, 2018****CASH FLOW FROM OPERATING ACTIVITY**

Net Profit before tax as per Statement of Profit and Loss

-

-

Adjusted for:

Operating Profit before Working capital changes

Adjusted for:

Income tax Paid

-

-

Net Cash from operating Activity

-

-

CASH FLOW FROM INVESTING ACTIVITIES**Net Cash used in Investing Activities**

-

-

CASH FLOW FROM FINANCING ACTIVITIES**Net Cash From In Financing Activities**

-

-

Net Increase in Cash and Cash Equivalents

-

-

Opening Balance of Cash and Cash Equivalent

65

65

Foreign currency fluctuation

4

-

Closing Balance of Cash and Cash Equivalent

69

65

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 YTV Inc.**Jitendra Sawjany**

Partner

Membership no. 050980

Place : Mumbai

Date : May 22, 2019

B. K. Sinha

Director

Place :

Date : May 21, 2019

YTV Inc.**Statement of Changes in Equity for the year ended on March 31, 2019**

Amount in ₹

Particulars	Equity	Other Equity		Total other Equity	Total Equity
		Reserves and Surplus	Other Comprehensive Income		
	Share capital	Retained Earnings	Foreign Exchange Translation Reserve*		
Balance at April 1, 2017	65	-	-	-	65
Loss during the year	-	-	-	-	-
Foreign exchange movement	-	-	-	-	-
Currency Translation	-	-	-	-	-
Balance at March 31, 2018	65	-	-	-	65
Loss during the year	-	-	-	-	-
Foreign exchange movement	4	-	-	-	4
Currency Translation	-	-	-	-	-
Balance at March 31, 2019	69	-	-	-	69

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

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 YTV Inc.**Jitendra Sawjany**

Partner

Membership no. 050980

Place : Mumbai

Date : May 22, 2019

B. K. Sinha

Director

Place :

Date : May 21, 2019

YTV Inc.**Notes on accounts to the Balance Sheet and Statement of Profit and Loss as on March 31, 2019**

Particulars	As at	Amount in ₹
	March 31, 2019	As at March 31, 2018
Note # 1.1 Cash and Cash Equivalents		
Cash on hand	69	65
	69	65

NOTE 1.2**Equity****Authorised**

1,000 ordinary shares of US\$ 1 each

64,850	64,850
64,850	64,850

Issued Subscribed and Paid up

1 Share of US \$ 1 each fully paid up

69	65
69	65

i. Movement in share capital

As at April 1, 2017

No. of Shares	Amount in ₹
1	65

Issued during the year

-	-
---	---

Foreign exchange movement

-	-
---	---

As at March 31, 2018

1	65
---	----

Issued during the year

-	-
---	---

Foreign exchange movement

-	4
---	---

As at March 31, 2019

1	69
---	----

ii. Rights, preferences and restriction attached to the shares

The Company has only Ordinary Shares (shares) having a par value of USD 1 each 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**Ordinary Shares**

Reliance Globalcom Services, Inc.

As at	As at
March 31, 2019	March 31, 2018
1	1
100%	100%

No. of Shares

% of holding

As at	As at
March 31, 2019	March 31, 2018
-	-
-	-
-	-

Retained Earnings

Other Reserve

As at	As at
March 31, 2019	March 31, 2018

i) Retained Earnings

Opening balance

-	-
---	---

Loss during the year

-	-
---	---

Closing balance

-	-
---	---

As at	As at
March 31, 2019	March 31, 2018

ii) Other Reserves

Foreign Currency Translation Reserve

Opening balance

-	-
---	---

Currency translation differences during the year

-	-
---	---

Closing balance

-	-
---	---