

## BOARD'S REPORT

Dear Members,

Your Directors have pleasure in presenting the twenty fourth (24<sup>th</sup>) Board Report on the Company's business and operations, together with audited financial statements and accounts for the financial year ended March 31, 2019.

### Mobile Services

Bharti Hexacom Limited is the largest mobile service provider in Rajasthan and North East Circles. The Company's diversified service range includes mobile, voice and data solutions, using 2G, 3G and 4G technologies.

During the financial year 2018-19, industry revenue table continued to remain under pressure, with the launch of aggressive price offerings by the latest entrant. The continuing disruption hastened consolidation and operators with stretched balance sheets found it difficult to survive. The Company also experienced a negative growth in income over the previous year. The revenue and EBITDA for the year ended March 31, 2019 was Rs. 36,199 Million and Rs. 214 Million respectively as compared to revenue and EBITDA of Rs. 44,181 Million and Rs. 7,835 Million respectively of last year (i.e. for the year ended March 31, 2018).

Despite this, the Company's mobile subscriber base had degrew by 1.6% from 27,442,955 in March 2018 to 27,008,957 in March 2019. The Company has done network rollout with the total number of sites increasing to 12,784 in March 2019 as compared to 11,590 in March 2018. In this phase of high competitive intensity, Hexacom's priorities centre around growing market share, stripping out costs and improving margins. We believe that the telecom industry in India is going through a once in a lifetime transformation and we are truly poised to capitalize on this with our leading position in Rajasthan and North East Circles.

### Financial results

The financial highlights of the Company's operations are as follows:

Particulars	(In Rupees Million)	
	FY 2018-19	FY 2017-18
Income including Other Income	36,199	44,181
Profit from operating activities before depreciation, amortization and exceptional items	214	7,835
Finance Expenses (Net)	2,402	773
Depreciation & Amortisation expense	10,087	8,687
Loss/Profit before tax	(11,228)	(1,761)
Tax Expenses (current tax & deferred tax)	(4,008)	(642)
Loss/Profit for the year after tax	(7,220)	(1,119)

### Material changes and commitments

There are no material changes and commitments, affecting the financial position of the Company which has occurred between the end of the financial year i.e. March 31, 2019 and the date of the Board's Report i.e. May 23, 2019.

### Mergers & Acquisitions

Pursuant to an order dated January 30, 2019, the NCLT Delhi sanctioned the composite scheme of arrangement between TTSL, Bharti Hexacom and Bharti Airtel Limited under Sections 230 to 232 of the Companies Act, for the proposed demerger of one part of the entire consumer wireless mobile business, undertakings, activities and operations of TTSL in its telecom circles (other than Rajasthan) and transferring and vesting it on a going concern basis in Bharti Airtel Limited, and demerger of the

**Bharti Hexacom Limited**

(A Bharti enterprise)

[CIN: U74899DL1995PLC067527]

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other part of the entire consumer wireless mobile business, undertakings, activities and operations of TTSL in the telecom circles in Rajasthan and transferring and vesting it on a going concern basis in Bharti Hexacom Limited. The proposed demerger is pending before the DoT under the Transfer-Merger Guidelines.

### **Secretarial Standards**

Pursuant to the provisions of Section 118 of the Companies Act, 2013, the Company has complied with the applicable provisions of the Secretarial Standards issued by the Institute of Companies Secretaries of India.

### **Share capital**

During the year, there was no change in the Company's issued, subscribed and paid-up equity share capital. On March 31, 2019, it stood at Rs. 2,500 Million divided into 250,000,000 equity shares of Rs. 10/- each.

### **Transfer to reserves**

The Company has not transferred any amount to reserves for the financial year ended March 31, 2019.

### **Dividend**

On account of losses during the year, your Directors do not recommend any dividend for financial year 2018-19.

### **Transfer of amount to Investor Education and Protection Fund**

During the year, the Company was not required to transfer any amount to Investor Education and Protection Fund.

### **Deposits**

The Company has not accepted any deposits under Chapter V of the Companies Act, 2013 and as such, no amount of principal or interest was outstanding, as on the balance sheet date.

### **Directors and Key Managerial Personnel**

#### **Appointment / Resignations from the Board**

The Board of Directors, on the recommendation of Nomination and Remuneration Committee, at its meeting held on March 08, 2019, had appointed Badal Bagri as an additional director of the Company. In terms of Section 152 of the Companies Act, 2013, Badal Bagri is required to be appointed in the forthcoming AGM. The Board of Directors upon the recommendation of the Nomination and Remuneration Committee had recommended his appointment as director of the Company under Section 160 of the Companies Act, 2013.

During the financial year, Nilanjan Roy, resigned from the position of Director w.e.f. February 28, 2019. The directors, on behalf of the Company placed on record their appreciation for help, guidance and contribution made by Nilanjan Roy during his tenure as director of the Company.

#### **Directors retiring by rotation**

In terms of Section 152 of the Companies Act, 2013, Mukesh Bhavnani and A. Seshagiri Rao, Directors being longest in the office shall retire at the ensuing AGM and being eligible for re-appointment, offers themselves for re-appointment.

#### **Declaration by Independent Directors**

The Company has received declarations from all the Independent Directors of the Company confirming that they meet with the criteria of independence as prescribed under Section 149(6) of the Companies Act, 2013.

## Appointments/Resignations of the Key Managerial Personnel

During the year, Hemanth Guruswamy resigned from the position of CEO of the Company, w.e.f. October 17, 2018 and Nidhi Lauria was appointment as the CEO of the Company in his place w.e.f. November 12, 2018.

## Number of board meetings held during the financial year 2018-19:-

During the financial year 2018-19, the Board of Directors met 4 (four) times i.e. on May 25 2018, September 18 2018, November 12, 2018, and March 08, 2019. The period between any two consecutive meetings of the Board of Directors of the Company was not more than 120 days.

Name of Director	Director Identification Number (DIN)	Category	No. of Board Meetings attended (total held)
Devendra Khanna, Chairman	01996768	Director	4(4)
Nilanjan Roy <sup>1</sup>	02703775	Director	1(4)
Shefali Malhotra	07143784	Director	4(4)
Sunil Kumar Goyal	02312181	Independent Director	2(4)
Mukesh Hassanand Bhavnani	03595080	Director	2(4)
Ravi Kumar Kaushal	02814471	Independent Director	4(4)
Narendra Jain	06942419	Director	4(4)
A. Seshagiri Rao	06364174	Director	4(4)
Badal Bagri <sup>2</sup>	00367278	Additional Director	1(1)

1. Nilanjan Roy resigned as a Director w.e.f. February 28, 2019.
2. Badal Bagri was appointed as an Additional Director w.e.f March 08 , 2019.

## Committees of the Board:

### Audit Committee

The Committee consists of the following members as on May 23, 2019:

Devendra Khanna - Chairman  
Sunil Kumar Goyal  
Ravi Kumar Kaushal

During the financial year 2018-19, members of the Audit Committee met 4 (four) times i.e. May 25, 2018, September 18, 2018, November 06, 2018 and March 08, 2019.

Name of Director	Category	No. of Committee Meetings attended (total held)
Devendra Khanna	Director- Chairman	4(4)
Sunil Kumar Goyal	Independent Director	2(4)
Ravi Kumar Kaushal	Independent Director	4(4)

### Committee of Directors

The Committee of Directors consists of the following members as on May 23, 2019:

Shefali Malhotra- Chairman  
Badal Bagri

During the financial year 2018-19, members of the Committee of Directors met once i.e. June 15, 2018

Name of Director	Category	No. of Committee Meetings attended (total held)
Shefali Malhotra	Director	1(1)
Nilanjan Roy <sup>1</sup>	Director	1(1)
Badal Bagri <sup>2</sup>	Additional Director	-

1. Nilanjan Roy resigned as a Director w.e.f February 28, 2019
2. Badal Bagri was appointed as member of the Committee w.e.f. March 08, 2019

## Nomination and Remuneration Committee

The Nomination and Remuneration Committee consists of following members as on May 23, 2019:

Sunil Kumar Goyal, Chairman  
Badal Bagri  
Ravi Kumar Kaushal

During the financial year 2018-19, members of the Nomination and Remuneration Committee met 3 (three) times i.e. May 25, 2018, November 06, 2018 and March 08, 2019.

Name of Director	Category	No. of Committee Meetings attended (total held)
Sunil Kumar Goyal	Independent Director-Chairman	2(3)
Nilanjan Roy <sup>1</sup>	Director	3(3)
Ravi Kumar Kaushal	Independent Director	3(3)
Badal Bagri <sup>2</sup>	Additional Director	-

1. Nilanjan Roy resigned as a Director w.e.f February 28, 2019
2. Badal Bagri was appointed as member of the Committee w.e.f. March 08, 2019

## Corporate Social Responsibility (CSR) Committee

The CSR Committee consists of following members as on May 23, 2019:

Shefali Malhotra- Chairman  
Devendra Khanna  
Sunil Kumar Goyal

During the financial year 2018-19, members of the Corporate Social Responsibility Committee met two times i.e. on May 25, 2018 and March 08, 2019.

Name of Director	Category	No. of Committee Meetings attended (total held)
Shefali Malhotra	Director - Chairman	2(2)
Devendra Khanna	Director	2(2)
Sunil Kumar Goyal	Independent Director	1(2)

## Policies

### Risk Management Policy

Risk management is embedded in the Company's operating framework. The Company believes that risk resilience is key to achieving higher growth. To this effect, there is a robust process in place to identify key risks across the group and prioritise relevant action plans to mitigate these risks.

Risk Management framework is reviewed periodically by the Board and the Audit Committee, which includes discussing the management submissions on risks, prioritising key risks and approving action plans to mitigate such risks.

The Company has a duly approved Risk Management Policy. The objective of this policy is to have a well-defined approach to risk. The policy lays down broad guidelines for timely identification, assessment, and prioritisation of risks affecting the Company in the short and foreseeable future. The policy suggests framing an appropriate response action for the key risks identified, so as to make sure that risks are adequately compensated or mitigated.

The internal audit function is responsible to assist the Audit Committee on an independent basis with a full status of the risk assessments and associated management action plans.

## **Corporate Social Responsibility (CSR) Policy**

Your company has a CSR Policy for undertaking programmes and projects as per the requirements of law. Providing education to underprivileged children of the society in the rural areas of the Country, health and sanitation programmes and rural development projects are the focus areas of our CSR Policy.

During the financial year 2018-19, the Company has spent Rs 45.8 million towards the CSR activities. The Company keeps on persistently exploring new opportunities to increase its CSR expenditure to the prescribed level. As a socially responsible company, we are committed to play a larger role in India's sustainable development by embedding wider economic, social and ecological objectives. The copy of CSR report is annexed as '**Annexure A**'.

## **Nomination & Remuneration Policy**

In compliance with the provisions of Section 178 of the Companies Act, 2013, rules made thereunder, the Board of Directors on the recommendation of Nomination & Remuneration Committee has approved and adopted the Nomination and Remuneration Policy in its Board Meeting held on March 27, 2015. The Nomination and Remuneration Policy is annexed as **Annexure – B** to this report

## **Vigil Mechanism**

There is a mechanism for directors and employees to report concerns about unethical behaviour, actual or suspected fraud, or violation of code of conduct. The mechanism also provides for adequate safeguard against the victimisation of employees who avail of the mechanism, and allows direct access to the chairperson of the Audit Committee in exceptional cases. The complaints or concerns, if any, received from any person are promptly redressed.

## **Board evaluation**

The Nomination Committee has put in place a robust framework for evaluation of the board, board-committees and individual directors. Customised questionnaires were circulated, responses were analyzed and the results were subsequently discussed by the Board. Recommendations arising from the evaluation process will be considered by the Board to optimize its effectiveness.

## **Internal Financial Controls**

The Company has established a robust framework for internal financial controls. The Company has in place adequate controls, procedures and policies, ensuring orderly and efficient conduct of its business, including adherence to the Company's policies, safeguarding of its assets, prevention and detection of frauds and errors, accuracy and completeness of accounting records, and timely preparation of reliable financial information. During the year, such controls were assessed and no reportable material weaknesses in the design or operations were observed. Accordingly, the board is of the opinion that the Company's internal financial controls were adequate and effective during financial year 2018-19 .

## **Disclosure under Sexual Harassment of Women at the Workplace (Prevention, Prohibition and Redressal) Act, 2013**

The Company did not receive any complaint during the year, under Sexual Harassment of Women at the Workplace (Prevention, Prohibition and Redressal) Act, 2013.

## **Auditors and Auditors' report:**

### **Statutory Auditors**

In terms of the provisions of Section 139 of the Companies Act, 2013 and Companies (Audit and Auditors) Rules, 2014, Deloitte Haskins & Sells vide registration no. 117365W, were appointed as the Statutory Auditors by the shareholders in the Annual General Meeting held on July 24, 2017, for a period of five years i.e. till the conclusion twenty seventh AGM. In terms of Companies Amendment Act, 2017, annual ratification for the appointment of statutory auditors is not required.

The Board has duly examined the Statutory Auditors' Report to the accounts, which is self-explanatory. Clarifications, wherever necessary, have been included in the Notes to Accounts section of the Annual Report.



## Cost Auditors

The Board, on the recommendation of the Audit Committee in its meeting held on May 23, 2019 had approved the appointment of M/s Sanjay Gupta and Associates, Cost Accountants, as Cost Auditors of the Company for the financial year 2018-19, since M/s R.J. Goel and Associates, the Cost Auditors of the Company appointed for the financial year 2018-19 had tendered their resignation w.e.f. March 03, 2019. The Board, on the recommendation of the Audit Committee had approved the appointment of M/s Sanjay Gupta and Associates, Cost Accountants, as Cost Auditors of the Company for the financial year 2019-20.

The Cost Auditors will submit their report for the financial year 2018-19 on or before the due date.

In accordance with the provisions of Section 148 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, since the remuneration payable to the Cost Auditors is required to be ratified by the shareholders, the Board recommends the same for the approval by the shareholders at the ensuing AGM.

## Secretarial Auditors

The Company had appointed Chandrasekaran Associates, Company Secretaries, to conduct its Secretarial Audit for the financial year ended March 31, 2019. The Secretarial Auditors have submitted their report, confirming compliance by the Company of all the provisions of applicable corporate laws. The Report does not contain any qualification, reservation or adverse remark. The Secretarial Audit Report is annexed as **Annexure – C** to this report.

The Board has reappointed Chandrasekaran Associates, Company Secretaries, New Delhi, as Secretarial Auditor of the Company for FY 2019-20.

## Extract of Annual Return

In terms of provisions of Section 92, 134(3)(a) of the Companies Act, 2013 read with Rule 12 of Companies (Management and Administration) Rules 2014, the extracts of Annual Return of the Company in form MGT-9 is annexed as **Annexure - D** to this Report.

## Particulars of loans, guarantees or investments under section 186

No loans, guarantees or investments were made during the financial year 2018-19 which attracts the provisions of section 186 of the Companies Act, 2013.

## Related Party Transactions

Particulars of contracts or arrangements with related parties referred to in section 188(1) of the Companies Act, 2013 in the prescribed form AOC-2 is annexed as **Annexure - E** to this report.

## Energy Conservation, Technology Absorption, and Foreign Exchange Earnings and Outgo

Since the Company is a provider of telecommunication services, most of the information as required under section 134(3) of the Companies Act, 2013, read with the Rule 8 of Companies (Accounts of Companies) Rules, 2014, is not applicable. However, the information, as applicable, has been annexed as **Annexure – F** to this report and forms part of this report.

## Directors' Responsibility Statement

Pursuant to Section 134 of the Companies Act, 2013, the directors, to the best of their knowledge and belief, confirm that:

- a) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- b) the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit of the company for that period;

- c) the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- d) the directors had prepared the annual accounts on a going concern basis; and
- e) the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

#### **Significant and Material orders**

There are no significant or material orders passed by the regulators, courts or tribunals having an impact on the future operations of the Company or its going concern status.

#### **Acknowledgements**

Your directors take this opportunity to place on record their appreciation for the wholehearted support received from Central Government, the State Governments, Department of Telecommunications (DoT), Wireless Planning and Coordination, Telecom Regulatory Authority of India (TRAI), Cellular Operators Association of India, Company's Bankers and Auditors, the employees, the subscribers, dealers, suppliers and all other business associates. We look forward to their continued support in future.

**For and on behalf of the Board  
For Bharti Hexacom Limited**



Devendra Khanna  
Chairman

DIN: 01996768

Address: S333, 1st floor,  
Panchsheel Park, New Delhi.

Date: May 23, 2019  
Place: New Delhi

## ANNEXURE – A

### The Annual Report on Corporate Social Responsibility (CSR) Activities

**1. Brief outline of the Company's CSR Policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs**

At Bharti Hexacom, business success is not just about profits and shareholder returns. We believe in pursuing wider socio-economic and cultural objectives and have always endeavoured to not just live up to it, but to try and exceed the expectations of the communities in which we operate.

At Bharti Hexacom Limited, the CSR and welfare activities, centers around the following areas:

1. Promoting education for underprivileged sections of the society (school/college/technical/vocational);
2. Eradicating hunger, poverty and malnutrition, promoting preventive health care and sanitation and making available safe drinking water;
3. Contributions or funds provided to technology incubators located within academic institutions which are approved by the Central Government

**2. Composition of the CSR Committee as on March 31, 2019:-**

1. Shefali Malhotra, Chairperson
2. Devendra Khanna, Member
3. Sunil Kumar Goyal, member

**3. Average net profit of the Company for the last three financial years**

Financial year	Net Profit after adjustments (Rs in Millions)
2017-18	(1466)
2016-17	9,517
2015-16	15,094
<b>Average Net profit</b>	<b>7715</b>

**4. Prescribed CSR expenditure (two percent of the amount as in item 3 above):**

Two percent of the average net profit as in item 3 above - Rs 154 Million

**5. Details of CSR spent during the financial year:**

Total amount to be spent for the financial year		Rs. 154 Million				
Amount spent towards CSR activities		Rs 45.80 Million				
Amount Unspent		Rs. 108.20 Million (Refer para 6)				
Manner in which amount spent during the financial year is detailed below:						
CSR project or activity identified	Sector in which the project is covered	Projects or programs (1) Local area or other (2) Specify the State and district where projects or programs was undertaken	Amount outlay (budget) project or programs wise	Amount spent on the projects or programs Sub-heads: (1) Direct expenditure on projects or programs (2) Overheads:	Cumulative expenditure upto the reporting period	Amount spent: Direct or through implementing agency
<b>Eligible CSR Programs</b>						



Satya Bharti School Program	Promotion of education	Specified below*	as	Rs. 154 Million	Rs 45.80 Million	Rs. 400.80 Million	Bharti Foundation
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\*State wise details of Satya Bharti School Program- Delhi (80 schools), Haryana(31 schools); Punjab (45 schools), Jammu & Kashmir (90 schools), Rajasthan (153 schools), Telangana (50 schools), Jharkhand (150 schools), Meghalaya (50 schools), UP(15 schools), Karnataka (30 Govt schools) and Assam (45 schools), Goa (2 schools), Andhra Pradesh(2 schools), Himachal Pradesh(30 schools) .

6. In case the Company has failed to spend the two percent of the average net profit of the last three financial years or any part thereof, the Company shall provide the reasons for not spending the amount in its Board report.


Despite the unprecedented challenges and pressure on the telecom industry and the loss in the current year, the Company had made an aggregate CSR spending of Rs 45.80 million for financial year 2018-19. The Company is committed to build its CSR capabilities on a sustainable basis and is also committed to gradually increase its CSR contribution in the coming years. The CSR spending is guided by the vision of creating long-term benefit to the society. The Company through its Board and CSR Committee is determined to beef up its efforts to meet the targeted CSR expenditure. The Company believes that it has made meaningful progress towards reaching the target in the coming financial years.

Further, during the year, Bharti Family has pledged a significant amount towards philanthropy, which will step-up scope and reach of Bharti Foundation's initiatives to create opportunities for the underprivileged and contribute to nation building. Plan is to set up a world-class University namely Satya Bharti University, to offer free education to deserving youth from economically weaker sections of society.

7. We affirm that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the Company.

**For and on behalf of the Board  
For Bharti Hexacom Limited**

Date: May 23, 2019  
Place: New Delhi

  
Devendra Khanna  
Director  
DIN: 01996768  
Address: S-333 First Floor ,  
Panchsheel Park, New Delhi

  
Shefali Malhotra  
Chairman - CSR Committee  
DIN: 07143784  
Address: J-6/95 2nd Floor  
Rajouri Garden New Delhi

## ANNEXURE B

# Bharti Hexacom Limited – Nomination & Remuneration Policy

### Preamble

The Board of Directors (the "Board") on the recommendation of the Nomination & Remuneration Committee (the "Committee") has approved and adopted this Nomination, Remuneration Policy (the "Policy") in compliance with the provisions of Section 178 of the Companies Act, 2013 and rules made thereunder.

### Objectives

The main objectives of this Policy are:-

- To lay down criteria and terms and conditions with regard to identifying persons who are qualified to become directors (executive and non-executive including Independent directors), Key Managerial Personnel ("KMP") and persons who may be appointed in senior management positions.
- To retain, motivate and promote talent and to ensure long term sustainability of talented managerial persons and create competitive advantage for the Company.
- To determine remuneration of directors, KMPs.
- To provide for rewards linked directly to their effort, performance, dedication and achievement of Company's targets.

### A. Attributes, qualifications and diversity

#### Directors and Key Managerial Personnel

The Committee shall be responsible for identifying a suitable candidate for appointment as director or as KMP of the Company.

The Board shall consist of such number of Directors as is necessary to effectively manage the Company of the size and nature as of Bharti Hexacom Limited, subject to compliance with the provisions of Companies Act, 2013, Articles of Association of the Company and Shareholders Agreement. The Board shall strive to have an appropriate combination of Executive, Non-Executive and Independent Directors.

While evaluating a person for appointment / re-appointment as director or as KMP, the Committee shall consider and evaluate number of factors including but not limited to knowledge, integrity, skills, abilities (ability to exercise sound judgement), professional experience, personal accomplishment, age, understanding of the telecommunication sector / industry, marketing, technology, finance and other disciplines relevant to the business etc. and such other factors that the Committee might consider relevant and applicable from time to time towards achieving a diverse Board.

The Committee shall ensure that the proposed director satisfies the following additional criteria:-

- Eligible for appointment as a director on the board of the Company and is not disqualified in terms of Section 164 and other applicable provisions of the Companies Act 2013.
- Has attained minimum age of 25 years and is not older than 70 years.
- Does not hold directorship in more than 20 companies (including private and public limited companies) or 10 public limited companies incorporated in India.
- Will be able to devote sufficient time and efforts in discharge of duties and responsibilities effectively.

While evaluating a person for appointment / re-appointment as an independent director, the Committee shall ensure that the proposed appointee satisfies the following additional criteria:-

- Meet the baseline definition and criteria of "independence" as set out in Section 149 of the Companies Act, 2013 and other applicable laws.
- Should not hold the position of independent director in more than Seven Indian listed companies and if serving as whole-time director in any Indian listed company then in not more than three Indian listed companies.
- Should not hold any board / employment position with a competitor in the geographies where the Company is operating. However, the Board may in special circumstances waive this requirement.

The reappointment / extension of term of any board members shall be on the basis of their performance evaluation.

### **Senior Management**

While evaluating a person for appointment / re-appointment in a senior management position, various factors including individual's background, competency, skills, abilities (viz. leadership, ability to exercise sound judgement), educational and professional background, personal accomplishment, age, relevant experience and understanding of related field viz. marketing technology, finance or such other discipline relevant to present and prospective operations of the Company shall be considered.

**Senior Management** means personnel of the company who are members of its core management team excluding Board of Directors and shall comprise of all members of management one level below the executive directors, including all functional heads.

### **B. Remuneration Policy**

The overall limits of remuneration of the board members including executive board members (i.e. managing director, whole-time director, executive directors etc.), if paid, will be governed by the provisions of Section 197 of the Companies Act, 2013, rules made thereunder and shall be approved by the shareholders of the Company and shall be subject to availability of profits of the Company.

Within the overall limit approved by the shareholders, on the recommendation of the Committee, the Board shall determine the remuneration. The Board can determine different remuneration for different directors on the basis of their role, responsibilities, duties, time involvement etc.

#### **Non-executive directors including independent directors**

i. **Profit-linked commission** – NIL

ii. **Sitting Fees** – The Board may decide to pay remuneration to non-executive directors including independent directors, by way of fee for attending meetings of the Board or Committee thereof or for any other purpose whatsoever as may be decided by the Board.

#### **Executive Board Members**

The remuneration (including revision in the remuneration) of executive board members, if any, shall be approved by the Board on the basis of the recommendation of the Nomination & Remuneration Committee.

The remuneration payable to executive board members shall consist of (a) Fixed Pay, which is payable monthly, and shall include basic pay, contributions to retirement benefits, house rent allowance or company-leased accommodation and other allowances as per the Company's policy (b) Variable Pay (paid at the end of Financial Year) directly linked to the performance of the individual employee (i.e.

achievement against pre-determined KRAs), his / her respective Business Unit and the overall company's performance (c) Long term incentive / ESOPs as may be decided by the Nomination and Remuneration Committee from time to time.

#### **Remuneration to Key Managerial Personnel (other than Managing Director and Whole-Time Director) and other employees in Senior Management**

The remuneration of Key Managerial Personnel (other than managing director and whole time director) shall be decided on case to case basis.

The remuneration payable to other employees in senior management and any revision thereof shall be done as per the compensation and appraisal policy of the Company.

The remuneration payable to key managerial personnel and other employees in senior management shall consist of (a) Fixed Pay, which is payable monthly and include basic pay, contributions to retirement benefits, house rent allowance or company-leased accommodation and other allowances as per the Company's policy (b) Variable Pay (paid at the end of Financial Year) directly linked to the performance of the individual employee (i.e. achievement against pre-determined KRAs), his / her respective business unit and the overall Company performance (c) Long term incentive / ESOPs as may be decided by the Committee from time to time.

#### **Disclosures by the Company**

This Policy shall be disclosed in the Company's annual report.

#### **General**

The Directors of the Company and Company Secretary are jointly authorized to amend the Policy to give effect to any changes / amendments notified by Ministry of Corporate Affairs w.r.t. any matter covered by this policy. The amended policy shall be placed before the Board for noting and ratification.

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For and on behalf of the Board  
For Bharti Hexacom Limited



Devendra Khanna  
Chairman  
DIN: 01996768

Address: S333, First Floor,  
Panchsheel Park, New Delhi. ✓

Date: May 23, 2019  
Place: New Delhi



**SECRETARIAL AUDIT REPORT**  
FOR THE FINANCIAL YEAR ENDED MARCH 31, 2019

The Members,  
**Bharti Hexacom Limited**  
Bharti Crescent, 1,  
Nelson Mandela Road  
Vasant Kunj, Phase - II  
New Delhi-110070

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Bharti Hexacom Limited (hereinafter called the "**Company**"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/ statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on March 31<sup>st</sup>, 2019 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31<sup>st</sup>, 2019 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder to the extent of Regulation 76 of Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018; Not Applicable
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'): Not Applicable
  - a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
  - c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
  - d) The Securities and Exchange Board of India (Share Based employee Benefits) Regulations, 2014;



- e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 ;
  - f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client to the extent of securities issued;
  - g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;
  - h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018.
- (vi) The other laws, as informed and certified by the management of the Company which are specifically applicable to the Company based on their sectors/ industry are:
- (a) The Indian Telegraph Act, 1885
  - (b) The Telecom Regulatory Authority of India Act, 1997 and Rules and Regulations made thereunder.
  - (c) The Indian Wireless Telegraphy Act, 1933

We have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India and notified by Ministry of Corporate Affairs.
- (ii) SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015; Not Applicable

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above:

We further report that:

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent least seven days in advance (except in cases where meetings were convened at a shorter notice for which necessary approvals obtained as per applicable provisions), and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

All decisions at Board Meetings and Committee Meetings are carried out unanimously as recorded in the minutes of the meetings of the Board of Directors or Committee of the Board, as the case may be.






We further report that there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period, following major events have happened which are deemed to have major bearing on the company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc.

- a. The Company has increase its authorised share capital from Rs. 250,00,00,000 to 250,00,52,000 divided into 25,000,00,00 of Equity Share of Rs. 10/ each and 520 redeemable, non-participating preference shares of Rs. 100/- each.
- b. The Board of Directors of Company has increased the overall borrowing limit of the Company from Rs 3500 Crores to Rs 4300 Crores.
- c. The Board of Directors has approved borrowing of upto Rs.1000 Crores by issuance of Unsecured Commercial Papers.

For Chandrasekaran Associates  
Company Secretaries

  
Lakhan Gupta  
Partner  
Membership No. A36583  
Certificate of Practice No.:13725



Date: 23.05.2019  
Place: Delhi

Note: This report is to be read with our letter of even date which is annexed as Annexure-A and forms an integral part of this report.

The Members

**Bharti Hexacom Limited**

Bharti Crescent, 1,  
Nelson Mandela Road  
Vasant Kunj, Phase - II  
New Delhi-110070

Our report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on the random test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Wherever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on the random test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For Chandrasekaran Associates  
Company Secretaries



Lakhan Gupta  
Partner  
Membership No. A36583  
Certificate of Practice No.: 13725

Date: 23.05.2019  
Place: Delhi

ANNEXURE - D  
**Form No. MGT-9**  
EXTRACT OF ANNUAL RETURN  
As on the financial year ended on March 31, 2018

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the  
Companies (Management and Administration) Rules, 2014]

**I. REGISTRATION AND OTHER DETAILS:**

- i) **CIN:-** U74899DL1995PLC067527
- ii) **Registration Date:-** April 20, 1995
- iii) **Name of the Company:-** Bharti Hexacom Limited
- iv) **Category / Sub-Category of the Company:** Company Limited by shares/Non-Government Company
- v) **Address of the Registered office and contact details:** Bharti Crescent, 1, Nelson Mandela Road, Vasant Kunj, Phase - II, New Delhi - 110070
- vi) **Whether listed company (Yes / No):-** No
- vii) **Name, Address and Contact details of Registrar and Transfer Agent, if any:** Karvy Fintech Private Limited, Plot No 31 & 32 | Financial District, Nanakramguda Gachibowli, Hyderabad - 500,032

**II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY**

All the business activities contributing 10 % or more of the total turnover of the company shall be stated:-

Sl. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the company
2	Activities of maintaining and operating paging, cellur and other tetecommunication networks	61202	95.8%

**III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES:-**

S. No.	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary /Associate	% of shares held	Applicable Section
1	<b>Bharti Airtel Limited</b> Bharti Crescent, 1, Nelson Mandela Road, Vasant Kunj, Phase – II, New Delhi - 110070	L74899DL1995PLC070609	Holding	70%	Section 2(46)

**IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)**

**i) Category-wise Share Holding**

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoters</b>									
<b>(1) Indian</b>									
a) Individual/ HUF	-	-	-	-	-	-	-	-	-
b) Central Govt	-	-	-	-	-	-	-	-	-
c) State Govt(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp.*	174999995	5	175000000	70	174999995*	5	175000000	70	Nil
e) Banks / FI	-	-	-	-	-	-	-	-	-
f) Any Other....	-	-	-	-	-	-	-	-	-
<b>Sub-total (A) (1):-</b>	<b>174999995</b>	<b>5</b>	<b>175000000</b>	<b>70</b>	<b>174999995</b>	<b>5</b>	<b>175000000</b>	<b>70</b>	<b>Nil</b>
<b>(2) Foreign</b>									
a) NRIs – Individuals	-	-	-	-	-	-	-	-	-
b) Other – Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corp.	-	-	-	-	-	-	-	-	-
d) Banks / FI	-	-	-	-	-	-	-	-	-
e) Any Other....	-	-	-	-	-	-	-	-	-
<b>Sub-total (A) (2):-</b>	-	-	-	-	-	-	-	-	-
<b>Total shareholding of Promoter (A) = (A)(1)+(A)(2)</b>	<b>174999995</b>	<b>5</b>	<b>175000000</b>	<b>70</b>	<b>174999995</b>	<b>5</b>	<b>175000000</b>	<b>70</b>	<b>Nil</b>
<b>B. Public Shareholding</b>									
<b>1. Institutions</b>									
a) Mutual Funds	-	-	-	-	-	-	-	-	-
b) Banks / FI	-	-	-	-	-	-	-	-	-
c) Central Govt	75000000	-	75000000	30	75000000	-	75000000	30	NIL
d) State Govt(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIs	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-
<b>Sub-total (B)(1):-</b>	<b>75000000</b>	<b>-</b>	<b>75000000</b>	<b>30</b>	<b>75000000</b>	<b>-</b>	<b>75000000</b>	<b>30</b>	<b>NIL</b>

<b>2. Non-Institutions</b>									
a) Bodies Corp.									
(i) Indian	-	-	-	-	-	-	-	-	-
(ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals									
(i) Individual shareholder's holding nominal share capital upto Rs. 1 lakh	-	-	-	-	-	-	-	-	-
(ii) Individual shareholder's holding nominal share capital in excess of Rs 1 lakh	-	-	-	-	-	-	-	-	-
c) Others	-	-	-	-	-	-	-	-	-
<b>Sub-total (B)(2):-</b>		-				-			
<b>Total Public Shareholding (B)=(B)(1)+ (B)(2)</b>	<b>75000000</b>	<b>-</b>	<b>75000000</b>	<b>30</b>	<b>75000000</b>	<b>-</b>	<b>75000000</b>	<b>30</b>	<b>Nil</b>
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>	-	-	-	-	-	-	-	-	-
<b>Grand Total (A+B+C)</b>	<b>249999995</b>	<b>5</b>	<b>250000000</b>	<b>100</b>	<b>249999995</b>	<b>5</b>	<b>250000000</b>	<b>100</b>	<b>Nil</b>

\*Including 5 shares held by its nominees

(ii) **Shareholding of Promoters**

Sl. No	Shareholder Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	Bharti Airtel Limited *	175000000	70	Nil	175000000	70	Nil	-
	<b>Total</b>	<b>175000000</b>	<b>70</b>	<b>Nil</b>	<b>175000000</b>	<b>70</b>	<b>Nil</b>	<b>-</b>

\*Including 5 shares held by its nominees

(iii) **Change in Promoters' Shareholding (please specify, if there is no change)**

Name of the Promoter – *Bharti Airtel Limited (No Change)*

	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
At the beginning of the year	175000000	70	175000000	70
Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	N.A.	N.A.	175000000	70
At the End of the year	175000000	70	175000000	70

(iv) **Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):**

Name of the Shareholder:- *Telecommunications Consultants India Limited (No Change)*

	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	No. of shares	% of total shares of the	No. of shares	% of total shares of the company
At the beginning of the year	75000000	30	75000000	30
Date wise Increase/ Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc.)	-	-	75000000	30
At the End of the year ( or on the date of separation, if separated during the year)	75000000	30	75000000	30

(v) **Shareholding of Directors and Key Managerial Personnel: NIL**

No Director / KMP hold any share in the Company except Devendra Khanna and Mukesh Hassanand Bhavnani who hold one equity share each in the Company as nominee of Bharti Airtel Limited.



S. No.	For Each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year				
	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):				
	At the End of the year				

## V. INDEBTEDNESS

**Indebtedness of the Company including interest outstanding / accrued but not due for payment**

(Amount in Rs. Millions)

	Secured Loans excluded	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	-	16,872,716,315.74	-	16,872,716,315.74
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	9,299,068.49	-	9,299,068.49
<b>Total (i+ii+iii)</b>	-	16,882,015,384.24	-	16,882,015,384.24
<b>Change in Indebtedness during the financial year</b>				
• Addition	-	56,498,407,525.17	-	56,498,407,525.17
• Reduction	-	48,736,000,000.00	-	48,736,000,000.00
<b>Net Change</b>	-	7,762,407,525	-	7,762,407,525
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	-	24,635,123,840.91	-	24,635,123,840.91
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	19,338,558.90	-	19,338,558.90
<b>Total (i+ii+iii)</b>	-	24,654,462,399.81	-	24,654,462,399.81

## VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. *Remuneration to Managing Director, Whole-time Directors and/or Manager: Not Applicable.*  
*The Company did not have any MD / WTD during the FY 2018-19*

S.No.	Particulars of Remuneration	Name of MD/ WTD/Manager	Total Amount
1.	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 (c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961		
2.	Stock Option		
3.	Sweat Equity		
4.	Commission - as % of profit - others, specify...		
5.	Others, please specify		
	Total (A)		
	Ceiling as per the Act		

### B. Remuneration to other directors:

Particulars of Remuneration	Name of the Director(s)		Total Amount
	Sunil Kumar Goyal	Ravi Kumar Kaushal	
<b>Independent Directors</b>			
- Fee for attending board committee meetings	50,000	1,25,000	1,75,000
- Commission	Nil	Nil	Nil
- Others, please specify	Nil	Nil	Nil
<b>Total (1)</b>	<b>50,000</b>	<b>1,25,000</b>	<b>1,75,000</b>

Particulars of Remuneration	Devendra Khanna	Nilanj an Roy	A.K. Gupta (resigned w.e.f. November 20, 2017)	Rajiv Gupta (resigned w.e.f. August 28, 2017)	Shefali Malhotra	A.Sesha giri Rao (appointed w.e.f. September 07, 2017)	Narendra Jain (appointed w.e.f. December 01, 2017)	Mukesh H Bhavnani	Total
Other Non-Executive Directors									
- Fee for attending board committee meetings	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
- Commission	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
- Others,									
Total (2)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Total (B)=(1+2)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Rs 1,75,000
Total Managerial Remuneration	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Rs 1,75,000
Overall Ceiling as per the Act	N.A	N.A	N.A	N.A	N.A	N.A	N.A	N.A	N.A

**C. Remuneration to key managerial personnel other than MD/Manager/WTD:** - Since appointment of KMP(s) have been made without any remuneration. Hence, this clause does not apply.

S.No.	Particulars of Remuneration	Key Managerial Personnel			
		CEO	Company Secretary	CFO	Total
1.	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961				
2.	Stock Option				
3.	Sweat Equity				
4.	Commission - as % of profit - others, specify...				
5.	Others, please specify				
	Total				

**VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES: - NIL**

Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority [RD/ NCLT / Court]	Appeal made, if any (give details)
<b>A. Company</b>					
Penalty					
Punishment					
Compounding					
<b>B. Directors</b>					
Penalty					
Punishment					
Compounding					
<b>C. Other Officers in Default</b>					
Penalty					
Punishment					
Compounding					

**For and on behalf of the Board**



**Devendra Khanna  
Chairman**

**DIN: 01996768**

**Address: S333, First Floor,  
Panchsheel Park, New Delhi.**

**Date: May 23, 2019  
Place: New Delhi**

ANNEXURE E

Form No. AOC-2

**PARTICULARS OF CONTRACTS/ARRANGEMENTS MADE WITH RELATED PARTIES**  
(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto

**1. Details of contracts or arrangements or transactions not at arm's length basis:**

There were no contracts or arrangements or transactions entered into during the year ended March 31, 2019 which were not at arm's length basis.

**2. (a) Details of material\* contracts or arrangement or transactions at arm's length basis:**

The details of material contracts or arrangements at arm's length basis for the year ended March 31, 2019 are as follows:

**Name of related party**                      Bharti Airtel Limited  
**Nature of relationship**                    Holding Company

Amount. in Rupees Million

Nature of contract	Duration of contract	Salient terms of the contract	Amount	Date(s) of Approval by the Board	Amount paid as Advances
Rendering of services	Ongoing	On arm's length basis and in ordinary course of business	6,628	N.A.	Nil
Receiving of services	Ongoing	On arm's length basis and in ordinary course of business	18,042	N.A.	Nil

\*Since the term 'Material' has not been defined under Companies Act, 2013, therefore the company has considered the threshold limits prescribed under Rule 15 (3) of Companies (Meetings of Board and its powers) Rules, 2014 for the purpose of disclosure in Form AOC-2.

For and on behalf of the Board  
For Bharti Hexacom Limited



Devendra Khanna  
Chairman

DIN: 01996768

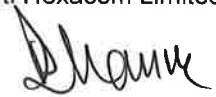
Address: S333, First Floor,  
Panchsheel Park, New Delhi.

Date: May 23, 2019  
Place: New Delhi

## Foreign Exchange Earnings and Outgo

Particulars	In Rupees Millions	
	For the year ended March 31, 2019	For the year ended March 31, 2018
Foreign Exchange Earnings	63.9	72.7
Foreign Exchange Outgo	2,717	42.3

For and on behalf of the Board  
Bharti Hexacom Limited



Devendra Khanna  
Chairman

DIN: 01996768

Address: S333, First Floor,  
Panchsheel Park, New Delhi.

Date: May 23, 2019

Place: New Delhi



**Bharti Hexacom Limited**

**Ind AS Financial Statements**

**March 2019**

## **Bharti Hexacom Limited**

### **Ind AS Financial Statements – March 2019**

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# **Independent Auditor's Report**

**INDEPENDENT AUDITOR'S REPORT**

**TO THE MEMBERS OF BHARTI HEXACOM LIMITED**

**Report on the Audit of the Financial Statements**

**Opinion**

We have audited the accompanying Financial Statements of **Bharti Hexacom Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2019, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the Financial Statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Financial Statements give the information required by the Companies Act, 2013 ("the Act) in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2019, and its loss, total comprehensive loss, its cash flows and the changes in equity for the year ended on that date.

**Basis for Opinion**

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

**Emphasis of Matter**

We draw attention to Note 20(I)(f)(vi) to the Financial Statement, which describes the uncertainties related to the legal outcome of Department of Telecommunications demand with respect to one time spectrum charges.

Our opinion is not modified in respect of this matter.

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

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

Our opinion on the Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

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

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

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

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

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

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

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

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

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

FAV

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

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

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

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

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

1. As required by Section 143(3) of the Act, based on our audit we report that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Statement of Changes in Equity and the Statement of Cash Flows dealt with by this Report are in agreement with the relevant books of account.
  - d) In our opinion, the aforesaid Financial Statements comply with the Ind AS specified under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended.
  - e) On the basis of the written representations received from the directors as on 31 March,

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2019 taken on record by the Board of Directors, none of the directors is disqualified as on 31 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 A**". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
- g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended,

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

- h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company has disclosed the impact of pending litigations on its financial position in its Financial Statements.
  - ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts.
  - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "**Annexure B**" a statement on the matters specified in paragraphs 3 and 4 of the Order.

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



**Nilesh H. Lahoti**  
Partner  
(Membership No. 130054)

Place: New Delhi  
Date: May 23, 2019

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

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

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

We have audited the internal financial controls over financial reporting of Bharti Hexacom Limited ("the Company") as of March 31, 2019 in conjunction with our audit of the Financial Statements of the Company as of and for the year ended on that date.

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

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. 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 respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

**Auditor's Responsibility**

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

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

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

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

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of

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

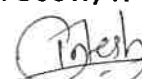
### **Inherent Limitations of Internal Financial Controls Over Financial Reporting**

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

### **Opinion**

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

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



**Nilesh H. Lahoti**

Partner

(Membership No. 130054)

Place: New Delhi  
Date: May 23, 2019

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

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

- i. In respect of its fixed assets:
- a) The Company has maintained proper records showing full particulars with respect to most of its fixed assets, and is in the process of updating quantitative and situation details with respect to certain fixed assets in the records maintained by the Company.
  - b) The Company has a program of verification of fixed assets to cover all items in a phased manner over a period of three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the program, certain fixed assets were physically verified by the Management during the year. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
  - c) According to the information and explanations given to us, the records examined by us and based on examination of property tax receipts, utility bills, lease agreement for land on which building is constructed, registered sale deed / transfer deed / conveyance deed or court orders approving schemes of arrangements / amalgamations provided to us, we report that, the title in respect of self-constructed buildings and the title deeds, comprising all the immovable properties of land and buildings which are freehold, are held in the name of the Company as at the balance sheet date.

In respect of immovable properties that have been taken on lease and disclosed as property, plant and equipment in the financial statements, based on our examination of the lease agreements or court orders approving the schemes of arrangement or amalgamations, we report that the lease agreements are in the name of the Company, where the Company is the lessee in the agreement.

- ii. As explained to us, the inventories, except for those lying with the third parties, were physically verified during the year by the Management at reasonable intervals and no material discrepancies were noticed on physical verification.
- iii. According to information and explanation given to us, the Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013.
- iv. In our opinion and according to the information and explanations given to us, there are no loans, investments, guarantees, and securities granted in respect of which provisions of Section 185 and 186 of the Companies Act, 2013 are applicable.
- v. According to the information and explanations given to us, the Company has not accepted deposits during the year and does not have any unclaimed deposits as at March 31, 2019 and therefore, the provisions of the clause 3 (v) of the Order are not applicable.
- vi. The maintenance of cost records has been specified by the Central Government under section 148(1) of the Companies Act, 2013. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules,

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2014, as amended prescribed by the Central Government under sub-section (1) of Section 148 of the Companies Act, 2013, and are of the opinion that, prima facie, the prescribed cost records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

- vii. According to the information and explanations given to us, in respect of statutory dues:
- The Company is regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income-tax, Goods and Services Tax, Customs Duty, cess and other material statutory dues applicable to it to the appropriate authorities.
  - There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Goods and Services Tax, Customs Duty, cess and other material statutory dues in arrears as at March 31, 2019 for a period of more than six months from the date they became payable.
  - There are no dues of Goods and Service Tax, cess which have not been deposited on account of any dispute. Details of dues of Income-tax, Service Tax and Customs Duty which have not been deposited as on March 31, 2019 on account of disputes are given below:

<b>Name of the Statutes</b>	<b>Nature of the Dues</b>	<b>Amount Disputed (in Rs. Million)</b>	<b>Period to Which the amount Relates</b>	<b>Forum where the dispute is pending</b>
Finance Act, 1994 (Service tax provisions)	Service Tax	12	2007-12	Supreme Court
Finance Act, 1994 (Service tax provisions)	Service Tax	626	2001-16	Tribunal
Finance Act, 1994 (Service tax provisions)	Service Tax	7	2007-13	Commissioner Appeal
Custom Act, 1962	Custom Act	182	2001-05	Supreme Court
Income Tax Act, 1961	Income Tax	425	FY 2002-03 to 2012-13	Supreme Court
Income Tax Act, 1961	Income Tax	597	FY 2000-14	Income Tax Appellate Tribunal

The above mentioned figures represent the total disputed cases without any assessment of Probable, Possible and Remote, as done in case of Contingent Liabilities. Of the above cases, total amount deposited in respect of Service Tax is 41 Million, Custom Duty is 91 Million and Income Tax is 577 Million.

- In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to financial institutions, banks and government.
- During the current year, the Company has not raised moneys by way of initial public offer or further public offer (including debt instruments). In our opinion and according to the information and explanations given to us, the term loans have been applied by the

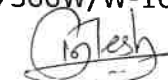
NIL

**Deloitte  
Haskins & Sells LLP**

Company during the year for the purposes for which they were raised, other than temporary deployment pending application of proceeds.

- x. To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the year.
- xi. In our opinion and according to the information and explanations given to us, the Company has paid / provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.
- xii. The Company is not a Nidhi Company and hence reporting under clause 3 (xii) of the Order is not applicable.
- xiii. In our opinion and according to the information and explanations given to us the Company is in compliance with Section 177 and 188 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards.
- xiv. During the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause 3 (xiv) of the Order is not applicable to the Company.
- xv. In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or directors of its holding company, or persons connected with them and hence provisions of section 192 of the Companies Act, 2013 are not applicable.
- xvi. The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

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



**Nilesh H. Lahoti**  
Partner  
(Membership No.  
130054)

Place: New Delhi  
Date: May 23, 2019



**Ind AS Financial Statements**



**Bharti Hexacom Limited**  
**Balance Sheet**  
*(All amounts are in millions of Indian Rupee)*

	Notes	As of	
		March 31, 2019	March 31, 2018
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	5	31,632	25,618
Capital work-in-progress	5	1,619	1,326
Intangible assets	6	60,632	61,215
Intangible assets under development	6	-	1,785
<b>Financial assets</b>			
- Investments	7	0	0
- Security deposits		577	561
- Others	8	171	251
Income tax assets (net)		2,404	1,323
Deferred tax assets (net)	9	3,946	823
Other non-current assets	10	2,421	1,637
		<b>103,402</b>	<b>94,539</b>
<b>Current assets</b>			
<b>Financial assets</b>			
- Trade receivables	11	1,003	1,508
- Cash and cash equivalents	12	24	774
- Other bank balances	13	285	290
- Others	8	554	770
Other current assets	10	8,139	5,589
		<b>10,005</b>	<b>8,931</b>
<b>Total assets</b>		<b>113,407</b>	<b>103,470</b>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Share capital	14	2,500	2,500
Other equity	14	55,176	62,393
		<b>57,676</b>	<b>64,893</b>
<b>Non-current liabilities</b>			
<b>Financial liabilities</b>			
- Borrowings	15	-	880
- Others	16	2,989	1,352
Deferred revenue		43	129
Provisions	17	205	267
		<b>3,237</b>	<b>2,628</b>
<b>Current liabilities</b>			
<b>Financial liabilities</b>			
- Borrowings	15	26,534	19,506
- Current maturities of long-term borrowings	15	2,880	880
- Trade payables	19		
- total outstanding dues of micro enterprise and small enterprises		3	0
- total outstanding dues of creditors other than micro enterprises and small enterprises		15,910	9,811
- Others	16	3,265	917
Deferred revenue		2,047	2,018
Provisions	17	32	32
Current tax liabilities (net)		700	1,364
Other current liabilities	18	1,123	1,421
		<b>52,494</b>	<b>35,949</b>
<b>Total liabilities</b>		<b>55,731</b>	<b>38,577</b>
<b>Total Equity and liabilities</b>		<b>113,407</b>	<b>103,470</b>

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

As per our report of even date

**For Deloitte Haskins & Sells LLP**  
**Chartered Accountants**

(Firm's Registration No: 117366W / W-100018)



**Nitesh H. Lahoti**  
**Partner**

Membership No: 130054

  
**Nidhi Lawria**  
**Chief Executive Officer**

  
**Akhil Garg**  
**Chief Financial Officer**

**For and on behalf of the Board of Directors of Bharti Hexacom Limited**

  
**Shefali Malhotra**  
**Director**

DIN: 07143784

  
**Devendra Khanna**  
**Director**

DIN: 01996768

  
**Swati Batra**  
**Company Secretary**

Place: **New Delhi**

Date: **May 23, 2019**



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

	Notes	For the year ended	
		March 31, 2019	March 31, 2018
<b>Income</b>			
Revenue from operations	21	36,136	44,083
Other income		63	98
		<b>36,199</b>	<b>44,181</b>
<b>Expenses</b>			
Network operating expenses	22	12,230	10,812
Access charges		16,674	17,144
License fee / spectrum charges		2,423	3,738
Employee benefits expense	23	675	829
Sales and marketing expenses	24	1,863	1,900
Other expenses	25	2,120	1,923
		<b>35,985</b>	<b>36,346</b>
<b>Profit from operating activities before depreciation, amortization and exceptional items</b>			
		<b>214</b>	<b>7,835</b>
Depreciation and amortisation	26	10,087	8,687
Finance costs	27	2,475	1,345
Finance income	27	(73)	(572)
Non-operating expenses	28	2	59
<b>Loss before exceptional items and tax</b>			
		<b>(12,277)</b>	<b>(1,684)</b>
Exceptional items (net)	29	(1,049)	77
<b>Loss before tax</b>			
		<b>(11,228)</b>	<b>(1,761)</b>
<b>Tax credit</b>			
Current tax	9	-	(109)
Deferred tax	9	(4,008)	(533)
<b>Loss for the year</b>			
		<b>(7,220)</b>	<b>(1,119)</b>
<b>Other comprehensive income:</b>			
<b>Items not be reclassified to profit or loss :</b>			
Re-measurement income on defined benefit plans		5	3
Income tax charge		(2)	(1)
<b>Other comprehensive income for the year</b>			
		<b>3</b>	<b>2</b>
<b>Total comprehensive loss for the year</b>			
		<b>(7,217)</b>	<b>(1,117)</b>
<b>Earnings per share (Face value : Rs. 10/- each) (In Rupees)</b>			
Basic and Diluted loss per share	30	<b>(28.88)</b>	<b>(4.48)</b>


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

As per our report of even date

For Deloitte Haskins & Sells LLP

Chartered Accountants

(Firm's Registration No: 117366W / W-100018)

  
**Nitesh H. Lahoti**

Partner

Membership No: 130054

  
**Nidhi Laxaria**  
 Chief Executive Officer

For and on behalf of the Board of Directors of Bharti Hexacom Limited

  
**Shefal Malhotra**  
 Director  
 DIN: 07143784

  
**Devendra Khanna**  
 Director  
 DIN: 01996768

  
**Akhil Garg**  
 Chief Financial Officer

  
**Swati Batra**  
 Company Secretary

Place: **New Delhi**

Date: **May 23, 2019**



**Bharti Hexacom Limited**  
**Statement of changes in equity**  
*(All amounts are in millions of Indian Rupee; unless otherwise stated)*

	Share capital		Other equity - Reserve and surplus				Total equity
	No of shares (in '000)	Amount	Securities premium	Retained earnings	General reserves	Total	
<b>As of April 1, 2017</b>	<b>250,000</b>	<b>2,500</b>	<b>1,040</b>	<b>62,388</b>	<b>900</b>	<b>64,328</b>	<b>66,828</b>
Profit for the year	-	-	-	(1,119)	-	(1,119)	(1,119)
Other comprehensive loss	-	-	-	2	-	2	2
<b>Total comprehensive income</b>	-	-	-	<b>(1,117)</b>	-	<b>(1,117)</b>	<b>(1,117)</b>
Dividend paid (including tax)	-	-	-	(818)	-	(818)	(818)
<b>As of March 31, 2018</b>	<b>250,000</b>	<b>2,500</b>	<b>1,040</b>	<b>60,453</b>	<b>900</b>	<b>62,393</b>	<b>64,893</b>
Loss for the year	-	-	-	(7,220)	-	(7,220)	(7,220)
Other comprehensive income	-	-	-	3	-	3	3
<b>Total comprehensive loss</b>	-	-	-	<b>(7,217)</b>	-	<b>(7,217)</b>	<b>(7,217)</b>
<b>As of March 31, 2019</b>	<b>250,000</b>	<b>2,500</b>	<b>1,040</b>	<b>53,236</b>	<b>900</b>	<b>55,176</b>	<b>57,676</b>

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

As per our report of even date

**For Deloitte Haskins & Sells LLP**  
**Chartered Accountants**


(Firm's Registration No: 117366W / W-100018)



**Nitesh H. Lahoti**  
**Partner**

Membership No: 130054

  
**Nidhi Laxta**  
**Chief Executive Officer**



  
**Shefali Malhotra**  
**Director**

DIN: 07143784

  
**Akhil Garg**  
**Chief Financial Officer**

Date: **May 23, 2019**

**For and on behalf of the Board of Directors of Bharti Hexacom Limited**

  
**Devendra Khanna**  
**Director**  
DIN: 01996768

  
**Swati Batra**  
**Company Secretary**

Place: **New Delhi**



**Bharti Hexacom Limited**  
**Cash Flow Statement**

*(All amounts are in millions of Indian Rupee)*

Particulars	For the year ended	
	March 31, 2019	March 31, 2018
<b>Cash flows from operating activities</b>		
Loss before tax	(11,228)	(1,761)
<b>Adjustments for:</b>		
Depreciation and amortisation	10,087	8,687
Finance costs	2,475	1,345
Finance income	(73)	(572)
Exceptional items	(1,089)	73
Loss on sale of property, plant and equipment	12	17
Other non-cash items	636	551
<b>Operating cash flow before changes in working capital</b>	<b>820</b>	<b>8,340</b>
<b>Changes in working capital</b>		
Trade receivables	(178)	(138)
Trade payables	6,932	1,932
Inventories	91	3
Provisions	17	128
Other financial and non-financial liabilities	1,132	1,189
Other financial and non-financial assets	(3,014)	(1,554)
<b>Net cash generated from operations before tax</b>	<b>5,800</b>	<b>9,900</b>
Income tax paid	(874)	(18)
<b>Net cash generated from operating activities (a)</b>	<b>4,926</b>	<b>9,882</b>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(10,150)	(14,124)
Proceeds from sale of property, plant and equipment	52	799
Purchase of intangible assets	(1,576)	(1,993)
Interest received	17	434
<b>Net cash used in investing activities (b)</b>	<b>(11,657)</b>	<b>(14,884)</b>
<b>Cash flows from financing activities</b>		
Proceeds from borrowings	28,669	9,822
Repayment of borrowings	(21,165)	(12,410)
Net proceeds from short-term borrowings	253	7,323
Interest and other finance charges paid	(2,162)	(1,034)
Dividend paid (including tax)	-	(818)
<b>Net cash generated from financing activities (c)</b>	<b>5,595</b>	<b>2,883</b>
<b>Net decrease in cash and cash equivalents during the year (a+b+c)</b>	<b>(1,136)</b>	<b>(2,119)</b>
Add : Cash and cash equivalents as at the beginning of the year	(3,619)	(1,500)
<b>Cash and cash equivalents as at the end of the year</b>	<b>(4,755)</b>	<b>(3,619)</b>

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

As per our report of even date

**For Deloitte Haskins & Sells LLP**  
**Chartered Accountants**

(Firm's Registration No: 117366W / W-100018)



**Nish H. Lahoti**

**Partner**

Membership No: 130054


  
**Nidhi Laxta**  
Chief Executive Officer

Place: **New Delhi**



**For and on behalf of the Board of Directors of Bharti Hexacom Limited**

  
**Shefali Malhotra**  
Director  
DIN: 07143784

  
**Devendra Khanna**  
Director  
DIN: 01996768

  
**Akhil Garg**  
Chief Financial Officer

  
**Swati Batra**  
Company Secretary

Date: **May 23, 2019**





## **1. Corporate information**

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

The Company's principal shareholders are Bharti Airtel Limited and Telecommunications Consultants India Limited. BHL was providing Cellular Mobile Telephony Services ('CMTS') in the telecom circle of North-East and Unified Access Service ('UAS') in the telecom circle of Rajasthan in terms of license granted by the Department of Telecommunications ('DoT'), Government of India ('GoI'). Pursuant to the expiry of the CMTS License of North East circle on December 11, 2015 and UAS License of Rajasthan circle on April 20, 2016 the Company has migrated to Unified Licence ('UL') on July 24, 2015 with service authorization for Access Services in North East Service Area from December 12, 2015 and Rajasthan service area from April 22, 2016."

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

### **2.1 Basis of preparation**

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

The financial statements are approved for issue by the Company's Board of Directors on May 23, 2019.

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

All the amounts included in the financial statements are reported in millions of Indian Rupee ('Rupee' or 'Rs.') and are rounded to the nearest million, except per share data and unless stated otherwise. Amount less than a million, appearing as '0'.

The preparation of the said financial statements requires the use of certain critical accounting estimates and judgements. It also requires the management to exercise judgement in the process of applying the



Company's accounting policies. The areas where estimates are significant to the financial statements, or areas involving a higher degree of judgement or complexity, are disclosed in Note 3.

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

## **2.2 Basis of measurement**

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

### **Fair value measurement**

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

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

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

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

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

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

## **2.3 Foreign currency transactions**

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



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

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

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

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

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

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

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

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

Separated embedded derivatives are classified basis the host contract.

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

An item is recognised as an asset, if and only if, it is probable that the future economic benefits associated with the item will flow to the Company and its cost can be measured reliably. PPE are initially recognised at cost. The initial cost of PPE comprises its purchase price (including non-refundable duties and taxes but

**Bharti Hexacom Limited**  
**Notes to Financial Statements**

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

excluding any trade discounts and rebates), asset retirement obligations (refer note 2.15 (b)) and any directly attributable cost of bringing the asset to its working condition and location for its intended use.

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

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

Depreciation on PPE is computed using the straight-line method over the estimated useful lives. Freehold land is not depreciated as it has an unlimited useful life. The management basis its past experience and technical assessment has estimated the useful life, which is at variance with the life prescribed in Part C of Schedule II of the Companies Act, 2013 and has accordingly, depreciated the assets over such useful life. The Company has established the estimated range of useful lives for different categories of PPE as follows:

<b>Categories</b>	<b>Years</b>
Leasehold land	Period of lease
Building	20
Building on leased land	20
Leasehold improvements	Period of lease or 10 years, whichever is less
Plant and equipment	
- Network equipment (including passive infrastructure)	3 - 25
- Customer premise equipment	3 - 5
Computers / servers	3 - 5
Furniture & fixtures and office equipments	2 - 5
Vehicles	3 - 5

The useful lives, residual values and depreciation method of PPE are reviewed, and adjusted appropriately, at-least as at each financial year end so as to ensure that the method and period of depreciation are consistent with the expected pattern of economic benefits from these assets. The effect of any change in the estimated useful lives, residual values and / or depreciation method are accounted prospectively, and





accordingly the depreciation is calculated over the PPE's remaining revised useful life. The cost and the accumulated depreciation for PPE sold, scrapped, retired or otherwise disposed off are de-recognised from the balance sheet and the resulting gains / (losses) are included in the statement of profit and loss within other expenses / other income.

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

## **2.6 Intangible assets**

Identifiable intangible assets are recognised when the Company controls the asset, it is probable that future economic benefits attributed to the asset will flow to the Company and the cost of the asset can be measured reliably.

The intangible assets are initially recognised at cost. These assets having finite useful life are carried at cost less accumulated amortisation and any impairment losses. Amortisation is computed using the straight-line method over the expected useful life of intangible assets.

The Company has established the estimated useful lives of different categories of intangible assets as follows:

### **a. Software**

Software are amortised over the period of license, generally not exceeding five years.

### **b. Bandwidth**

Bandwidth is amortised over the period of the agreement.

### **c. Licenses (including spectrum)**

Acquired licenses and spectrum are amortised commencing from the date when the related network is available for intended use in the relevant jurisdiction. The useful lives ranges upto twenty years.

The revenue-share based fee on licenses / spectrum is charged to the statement of profit and loss in the period such cost is incurred.

### **d. Other acquired intangible assets**

Other acquired intangible assets include the following:

**Non-competee fee:** Over the period of the agreement which ranges upto five years.



The useful lives and amortisation method are reviewed, and adjusted appropriately, at-least as at each financial year end so as to ensure that the method and period of amortisation are consistent with the expected pattern of economic benefits from these assets. The effect of any change in the estimated useful lives and / or amortisation method is accounted prospectively, and accordingly the amortisation is calculated over the remaining revised useful life.

Further, the cost of intangible assets under development ('IUD') includes the amount of spectrum allotted to the Company and related costs (including borrowing costs that are directly attributable to the acquisition or construction of qualifying assets (refer note 6), if any, for which services are yet to be rolled out and are presented separately in the balance sheet.

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

### **PPE and intangible assets**

PPE (including CWIP) and intangible assets with definite lives, are reviewed for impairment, whenever events or changes in circumstances indicate that their carrying values may not be recoverable. Intangible assets under development is tested for impairment, at-least annually and whenever circumstances indicate that it may be impaired.

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

### **Reversal of impairment losses**

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

## **2.8 Financial instruments**

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

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



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

The Company classifies its financial assets in the following categories: a) those to be measured subsequently at fair value through profit or loss, and b) those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

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

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

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

## **b. Measurement – non derivative financial instruments**

### **I. Initial measurement**

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

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

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

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

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



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

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

**Impairment**

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

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

**III. Subsequent measurement - financial liabilities**

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

**c. Measurement –derivative financial instruments**

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

**d. Derecognition**

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



## **2.9 Leases**

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

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

Operating lease receipts / payments are recognised as an income / expense on a straight-line basis over the lease term unless the lease payments increase in line with expected general inflation.

### **a. Company as a lessee**

Assets acquired under finance leases are capitalised at the lease inception at lower of the fair value of the leased asset and the present value of the minimum lease payments. Lease payments are apportioned between finance charges (recognised in the statement of profit and loss) and reduction of the lease liability so as to achieve a constant periodic rate of interest on the remaining balance of the liability for each period.

### **b. Company as a lessor**

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

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

The Company enters into "Indefeasible right to use (IRU)" arrangement wherein the assets are given on lease over the substantial part of the asset life. However, the title to the assets and significant risk associated with the operation and maintenance of these assets remains with the Company. Hence, such arrangements are recognised as operating lease. The contracted price is recognised as revenue during the tenure of the agreement. Unearned IRU revenue received in advance is presented as deferred revenue within liabilities in the balance sheet.

## **2.10 Taxes**

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





**a. Current tax**

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

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

**b. Deferred tax**

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

Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

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

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

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

**2.11 Inventories**

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



## **2.12 Cash and cash equivalents**

Cash and cash equivalents include cash in hand, bank balances and any deposits with original maturities of three months or less (that are readily convertible to known amounts of Cash and cash equivalents and subject to an insignificant risk of changes in value). However, for the purpose of the Statement of cash flows, in addition to above items, any bank overdrafts / cash credits that are integral part of the Company's cash management, are also included as a component of Cash and cash equivalents.

## **2.13 Share capital / Securities premium**

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

## **2.14 Employee benefits**

The Company's employee benefits mainly include wages, salaries, bonuses, defined contribution to plans, defined benefit plans, compensated absences and deferred compensation. The employee benefits are recognised in the year in which the associated services are rendered by the Company employees.

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

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

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

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

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

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

The interest (expense) are calculated by applying the above mentioned discount rate to the defined benefit obligations liability. The interest (expense) on the defined benefit liability is recognised in the statement of



profit and loss. However, the related re-measurements of the defined benefit liability are recognised directly in the other comprehensive income in the period in which they arise. The said re-measurements comprise of actuarial gains and losses (arising from experience adjustments and changes in actuarial assumptions). Re-measurements are not re-classified to the statement of profit and loss in any of the subsequent periods.

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

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

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

**2.15 Provisions**

**a. General**

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

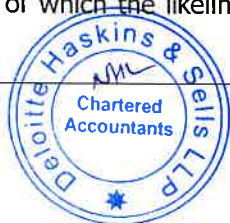
Provisions are measured at the present value of the expenditures expected to be required to settle the relevant obligation, using a pre-tax rate that reflects current market assessments of the time value of money (if the impact of discounting is significant) and the risks specific to the obligation.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

**b. Asset retirement obligations (ARO)**

ARO are recognised for those operating lease arrangements where the Company has an obligation at the end of the lease period to restore the leased premises in a condition similar to inception of lease. ARO are provided at the present value of expected costs to settle the obligation and are recognised as part of the cost of that particular asset. The estimated future costs of decommissioning are reviewed annually and any changes in the estimated future costs or in the discount rate applied are adjusted from the cost of the asset.

**C. Contingencies**

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





## **2.16 Revenue recognition**

Effective April 1, 2018, the Company has adopted Ind AS 115, 'Revenue from Contracts with Customers' applying the cumulative effect method applied retrospectively to the contracts that are not completed as of April 1, 2018 (being the date of initial application). Accordingly, the comparative information has not been restated. The effect on adoption of the said standard is insignificant on these financial statements.

Revenue is recognised upon transfer of control of promised products or services to the customer at the consideration which the Company has received or expects to receive in exchange of those products or services, net of any taxes / duties, discounts and process waivers. In order to determine if it is acting as a principal or as an agent, the Company assesses whether it is primarily responsible for fulfilling the performance obligation and whether it controls the promised service before transfer to customers.

### **a. Service revenues**

Service revenues mainly pertain to usage, subscription and activation charges for voice, data, messaging and value added services. It also includes revenue from interconnection / roaming charges for usage of the Company's network by other operators for voice, data, messaging and signaling services.

Usage charges are recognised based on actual usage. Subscription charges are recognised over the estimated customer relationship period or subscription pack validity period, whichever is lower. Customer onboarding revenue and associated cost is recognised upon successful onboarding of customer i.e. upfront. Revenues in excess of invoicing are classified as unbilled revenue while invoicing / collection in excess of revenue are classified as deferred revenue / advance from customers.

### **b. Interest income**

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

## **2.17 Borrowing costs**

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

## **2.18 Exceptional items**

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



### **2.19 Dividends paid**

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

### **2.20 Earnings per share ('EPS')**

The Company presents the Basic and Diluted EPS data.

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

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

### **2.21 Non - operating expenses**

Non-operating expenses comprise regulatory levies applicable to finance income.

## **3. Critical accounting estimates, assumptions and judgements**

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

Although the Company regularly assesses these estimates, actual results could differ materially from these estimates - even if the assumptions under-lying such estimates were reasonable when made, if these results differ from historical experience or other assumptions do not turn out to be substantially accurate. The changes in estimates are recognised in the financial statements in the 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 and liabilities within the next financial year are discussed below.

**a. Impairment reviews**

PPE (including CWIP) and intangible assets with definite lives, are reviewed for impairment, whenever events or changes in circumstances indicate that their carrying values may not be recoverable. Similarly, intangible assets under development is tested for impairment, at-least annually and whenever circumstances indicate that it may be impaired. For details as to the impairment policy, refer note 2.7. Accordingly the Company has performed impairment reviews for the above assets. However, the said reviews did not result in any impairment charge.

In calculating the value in use, the Company is required to make significant judgements, estimates and assumptions inter-alia concerning the earnings before interest, taxes, depreciation and amortisation ('EBITDA') margins, capital expenditure, long-term growth rates and discount rates to reflect the risks involved.

The Company operates in developing market and in such market, the plan for shorter duration is not indicative of the long-term future performance. Considering this and the consistent use of such robust ten year information for management reporting purpose, the Company uses ten year plans for the purpose of impairment testing.

**b. Taxes**

Deferred tax assets are recognised for the unused tax losses and minimum alternate tax credits for which there is probability of utilisation against the future taxable profit. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits, future tax planning strategies and recent business performances and developments.

**c. Allowance for impairment of trade receivables**

The expected credit loss is mainly based on the ageing of the receivable balances and historical experience. The receivables are assessed on an individual basis or grouped into homogeneous groups and assessed for impairment collectively, depending on their significance. Moreover, trade receivables are written off on a case-to-case basis if deemed not to be collectible on the assessment of the underlying facts and circumstances

**d. Contingent Liability**

Refer Note 20 (I) for details of contingent liability.

**e. Property, plant and equipment**

Refer Note 2.5 for the estimated useful life and carrying value of property, plant and equipment, respectively.

During the year ended March 31, 2019, the Company has reassessed useful life of certain categories of network assets based on internal assessment and technical evaluation, and accordingly has revised the estimate of its useful life from 18 years to 25 years in respect of those assets. The impact of above change on the depreciation charge for the current and future periods are as follows:

	For the year ended				Future period till end of life
	March 31, 2019	March 31, 2020	March 31, 2021	March 31, 2022	
Impact in future due to life change	(12)	(11)	(10)	(10)	43

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

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

**Ind AS 116, 'Leases'**

In March 2019, MCA has notified the Ind AS 116, Leases. It will replace the existing leases Standard, Ind AS 17 'Leases', and related interpretations. The Standard sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract i.e., the lessee and the lessor. It introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than twelve months, unless the underlying asset is of low value. A lease is required to recognise a right-of-use asset representing its right to use and the underlying leased assets and a lease liability representing its obligation to make lease payments.

The effective date for adoption of Ind AS 116 is annual periods beginning on or after April 1, 2019. The Company is in the process of evaluating its impact on the financial statements.

The following pronouncements, which are potentially relevant to the Company, have been issued and are effective for annual periods beginning on or after April 1, 2019. The Company does not expect that the adoption of the said amendments will have any significant impact on the financial Statements.

Ind AS 12 Appendix C, Uncertainty over Income Tax Treatments: According to the appendix, companies need to determine the probability of the relevant tax authority accepting each tax treatment, or group of tax treatments, that the companies have used or plan to use in their income tax filing which has to be considered to compute the most likely amount or the expected value of the tax treatment when determining taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates.

**Bharti Hexacom Limited**  
**Notes to Financial Statements**

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

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Amendment to Ind AS 12 – Income taxes: The amendment clarifies that an entity shall recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity accordingly to where the entity originally recognised those past transactions or events.

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

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

The following table presents the reconciliation of changes in the carrying value of Property, plant and equipment for the year ended March 31, 2019 and 2018:

	Leasehold improvement	Building	Leasehold land	Plant and machinery	Furniture & fixture	Vehicles	Office equipment	Computers & Servers	Total
<b>Gross carrying value</b>									
<b>As of April 1, 2017</b>	89	156	68	52,120	63	3	163	150	52,812
Additions / capitalisation	-	-	-	10,471	4	-	10	2	10,487
Disposals / adjustment	-	-	-	(1,221)	-	-	(4)	-	(1,225)
<b>As of March 31, 2018</b>	89	156	68	61,370	67	3	169	152	62,074
Additions / capitalisation	-	-	-	12,211	2	-	12	13	12,238
Disposals / adjustment	-	-	-	(908)	-	-	-	(27)	(935)
<b>As of March 31, 2019</b>	89	156	68	72,673	69	3	181	138	73,377
<b>Accumulated depreciation</b>									
<b>As of April 1, 2017</b>	81	66	9	32,005	48	2	109	86	32,406
Charge *	2	8	1	4,957	4	0	16	26	5,014
Disposals / adjustment	-	-	-	(960)	-	-	(4)	-	(964)
<b>As of March 31, 2018</b>	83	74	10	36,002	52	2	121	112	36,456
Charge *	1	6	1	6,149	5	0	15	27	6,206
Disposals / adjustment	-	-	-	(890)	-	-	-	(27)	(917)
<b>As of March 31, 2019</b>	84	82	11	41,261	57	2	136	112	41,745
<b>Net carrying value</b>									
<b>As of March 31, 2018</b>	6	82	58	25,368	15	1	48	40	25,618
<b>As of March 31, 2019</b>	5	74	57	31,412	12	1	45	26	31,632

\* It includes exceptional item of Rs. 66 and Rs. 8 with respect to plant and equipment for the year ended March 31, 2019 and 2018. (refer note 29)

The carrying value of the capital work in progress as at March 31, 2019 and 2018 is Rs. 1,619 and Rs. 1,326, respectively, which mainly pertains to plant and equipment.



**Bharti Hexacom Limited**  
**Notes to Financial Statements**

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**6. Intangible assets**

The following table presents the reconciliation of changes in the carrying value of intangible assets and intangible assets under development for the year ended March 31, 2019 and 2018:

	Software	Bandwidth	Licenses (including spectrum)	Other acquired intangibles	Total
<b>Gross carrying value</b>					
<b>As of April 1, 2017</b>	<b>12</b>	<b>7,635</b>	<b>62,070</b>	<b>41</b>	<b>69,758</b>
Additions / capitalisation	-	316	1,905	-	2,221
<b>As of March 31, 2018</b>	<b>12</b>	<b>7,951</b>	<b>63,975</b>	<b>41</b>	<b>71,979</b>
Additions / capitalisation	-	1,575	1,789	-	3,364
<b>As of March 31, 2019</b>	<b>12</b>	<b>9,526</b>	<b>65,764</b>	<b>41</b>	<b>75,343</b>
<b>Accumulated amortisation</b>					
<b>As of April 1, 2017</b>	<b>12</b>	<b>3,116</b>	<b>3,920</b>	<b>35</b>	<b>7,083</b>
Charge	-	531	3,147	3	3,681
<b>As of March 31, 2018</b>	<b>12</b>	<b>3,647</b>	<b>7,067</b>	<b>38</b>	<b>10,764</b>
Charge	-	610	3,334	3	3,947
<b>As of March 31, 2019</b>	<b>12</b>	<b>4,257</b>	<b>10,401</b>	<b>41</b>	<b>14,711</b>
<b>Net Carrying Amount</b>					
As of March 31, 2018	-	4,304	56,908	3	61,215
As of March 31, 2019	-	5,269	55,363	-	60,632

The carrying value of intangible assets under development as at March 31, 2019 and 2018 is Rs. Nil and Rs. 1,785, respectively.

Weighted average remaining amortisation period of license as of March 31, 2019 and March 31, 2018 is 16.67 years and 17.81 years, respectively.

During the year ended March 31, 2019 and 2018 the Company has capitalized borrowing cost of Rs. 2 and Rs. 45 respectively.

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**Bharti Hexacom Limited**  
**Notes to Financial Statements**

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

**7. Investments – Non-current**

	As of			
	March 31, 2019		March 31, 2018	
	No. of units	Cost	No. of units	Cost
Government securities (NSC)	1	0	1	0
	1	0	1	0

**8. Financial assets – others**

**Non-current**

	As of	
	March 31, 2019	March 31, 2018
Rent equalisation	171	243
Margin money deposit	0	0
Others	-	8
	<b>171</b>	<b>251</b>

**Current**

	As of	
	March 31, 2019	March 31, 2018
Unbilled Revenue	537	759
Interest accrued on investments	9	8
Claim receivables	8	3
	<b>554</b>	<b>770</b>



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

**9. Income taxes**

The major components of Income Tax (Credit) / Expense are:

	For the year ended	
	March 31, 2019	March 31, 2018
<b>Current income tax</b>		
- For the year	-	-
- Adjustments for prior periods	-	(109)
	-	(109)
<b>Deferred tax</b>		
- Origination & reversal of temporary differences	(3,918)	(574)
- Effect of change in tax rate	-	(9)
- Adjustments for prior periods	(90)	50
	(4,008)	(533)
<b>Income tax credit</b>	<b>(4,008)</b>	<b>(642)</b>

**Statement of Other Comprehensive Income**

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

Re-measurement losses on defined benefit plans	(2)	(1)
<b>Deferred Tax charged / (credited) directly to Equity</b>	<b>(2)</b>	<b>(1)</b>

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

	For the year ended	
	March 31, 2019	March 31, 2018
Loss before tax	(11,228)	(1,761)
Tax credit @ company's domestic tax rate of 34.944% / 34.608%	(3,924)	(610)
Effect of:		
Tax holiday	-	2
Effect of changes in tax rate	-	(9)
Adjustments in respect to previous years	(90)	(59)
Expense not deductible (net)	6	34
<b>Income tax credit</b>	<b>(4,008)</b>	<b>(642)</b>

The analysis of deferred tax assets / (liabilities) is as follows:

	As of	
	March 31, 2019	March 31, 2018
<b>Deferred tax asset / (liabilities)</b>		
Provision for impairment of debtors / advances	650	405
Employee benefits	27	-
Lease rent equalization	443	451
Fair valuation of financial instruments and exchange differences	277	215
Depreciation / amortisation on property, plant and equipment / intangible assets	(1,526)	(1,361)
Carry forward losses	4,075	1,024
Others	-	89
<b>Net deferred tax asset</b>	<b>3,946</b>	<b>823</b>



**Bharti Hexacom Limited**  
**Notes to Financial Statements**

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

	For the year ended	
	March 31, 2019	March 31, 2018
<b>Deferred tax income / (expense)</b>		
Provision for impairment of debtors / advances	245	133
Carry forward losses	3,934	1,024
Employee benefits	29	-
Lease rent equalization	(8)	(18)
Fair valuation of financial instruments and exchange differences	62	(11)
Depreciation / amortisation on property, plant and equipment / intangible assets	(165)	(599)
Others	(89)	4
<b>Net deferred tax income</b>	<b>4,008</b>	<b>533</b>

The movement in deferred tax assets / (liabilities) during the year is as follows:

	As of	
	March 31, 2019	March 31, 2018
<b>Opening balance</b>	<b>823</b>	<b>291</b>
Tax credit / (expense) recognised in statement of profit or loss	4,008	533
Tax credit / (expense) recognised in OCI	(2)	(1)
Adjustment for prior periods	(883)	-
<b>Closing balance</b>	<b>3,946</b>	<b>823</b>

**10. Other non-financial assets**

**Non-current**

	As of	
	March 31, 2019	March 31, 2018
Advances (net)*	1,323	1,487
Capital Advance	34	1
Taxes Recoverable**	956	-
Others	108	149
	<b>2,421</b>	<b>1,637</b>

**Current**

	As of	
	March 31, 2019	March 31, 2018
Taxes recoverable**	6,789	4,605
Advances to Suppliers (net)***	1,236	798
Prepaid expenses	96	172
Others****	18	14
	<b>8,139</b>	<b>5,589</b>

\* Advances represent payments made to various Government authorities under protest and are disclosed net of provision (refer note 17)



**Bharti Hexacom Limited**  
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\*\*Taxes recoverable primarily include goods & service tax ('GST') and customs duty.

\*\*\*Advance to Suppliers are disclosed net of provision of Rs. 57 and Rs. 50 as of March 31, 2019 and March 31, 2018, respectively.

\*\*\*\* It includes employee receivables which principally consist of advances given for business purpose.

**11. Trade receivables**

	As of	
	March 31, 2019	March 31, 2018
Trade Receivable - unsecured*	2,554	2,380
Less: Allowances for doubtful receivables	(1,551)	(872)
	<b>1,003</b>	<b>1,508</b>

\* It includes amount due from related parties. (refer note 32)  
Refer note 34 (iv) for credit risk

**Movement in allowances for doubtful debts is as follows:**

	For the year ended	
	March 31, 2019	March 31, 2018
<b>Opening balance</b>	872	623
Additions	680	411
Write off (net of recovery)	(1)	(162)
<b>Closing balance</b>	<b>1,551</b>	<b>872</b>

**12. Cash and cash equivalents ('C&CE')**

	As of	
	March 31, 2019	March 31, 2018
Balances with banks	23	772
Cash on hand	1	2
	<b>24</b>	<b>774</b>



**Bharti Hexacom Limited**  
**Notes to Financial Statements**

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

**13. Other bank balances**

	As of	
	March 31, 2019	March 31, 2018
Margin Money*	188	204
Term deposits with banks	106	94
	<b>294</b>	<b>298</b>
Less :- Interest accrued but not due	9	8
	<b>285</b>	<b>290</b>

\*Margin money represents amount given as collateral for legal cases and / or bank guarantees for disputed matter and earmarked balances for dividend payouts.

For the purpose of Statement of cash flow, Cash and Cash equivalents are as following:-

	As of	
	March 31, 2019	March 31, 2018
Cash and cash equivalents as per balance sheet	24	774
Less :- Bank overdraft	(4,779)	(4,393)
	<b>(4,755)</b>	<b>(3,619)</b>

**14. Share Capital & other equity**

	As of	
	March 31, 2019	March 31, 2018
<b>Authorised shares</b>		
250,000,000 (March 31, 2018- 250,000,000) equity shares of Rs 10/- each	<b>2,500</b>	<b>2,500</b>
<b>Issued, Subscribed and fully paid-up shares</b>		
250,000,000 (March 31, 2018- 250,000,000) equity shares of Rs 10/- each	<b>2,500</b>	<b>2,500</b>
	<b>2,500</b>	<b>2,500</b>

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

	For the year ended			
	March 31, 2019		March 31, 2018	
	No. of shares (in '000)	Amount	No. of shares (in '000)	Amount
At the beginning of the year	250,000	2,500	250,000	2,500
Issued during the year	-	-	-	-
<b>Outstanding at the end of the year</b>	<b>250,000</b>	<b>2,500</b>	<b>250,000</b>	<b>2,500</b>



**Bharti Hexacom Limited**  
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**b. Terms/rights attached to equity shares**

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

**c. Details of shares held by the holding company and shareholders (as per the register of shareholders) holding more than 5% shares in the Company**

	As of			
	March 31, 2019		March 31, 2018	
	No of shares (in '000)	% holding	No of shares (in '000)	% holding
<b>Equity shares of Rs 10 each fully paid up</b>				
Bharti Airtel Limited, the holding company	175,000	70%	175,000	70%
Telecommunications Consultants India Limited	75,000	30%	75,000	30%

**d. Dividends paid**

	For the year ended	
	March 31, 2019	March 31, 2018
<b>Declared and paid during the year:</b>		
Final dividend for 2016-17 : Rs. 2.72/- per share (including dividend distribution tax of Rs. 138)	-	818
	-	<b>818</b>

**e. Reserve and Surplus**

- Retained earnings:** Retained earnings represent the amount of accumulated earnings of the Company and re-measurement differences on defined benefit plans and any transfer from general reserve.
- General reserve:** The Company has transferred a portion of its profit before declaring dividend in respective prior years to general reserve, as stipulated under the erstwhile Companies Act 1956. Mandatory transfer to general reserve is not required under the Companies Act 2013 ('Act').



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

**15. Borrowings**

**Non-current**

	As of	
	March 31, 2019	March 31, 2018
<b>Unsecured</b>		
Term loans	2,882	1,762
	<b>2,882</b>	<b>1,762</b>
Less: Interest accrued but not due (Refer Note 16)	(2)	(2)
Less: current portion	(2,880)	(880)
	<b>0</b>	<b>880</b>

**Current**

**Current**

	As of	
	March 31, 2019	March 31, 2018
<b>Unsecured</b>		
Term Loans	16,325	10,707
Commercial papers	5,447	4,413
Bank overdraft	4,779	4,393
	<b>26,551</b>	<b>19,513</b>
Less: Interest accrued but not due (Refer Note 16)	17	7
	<b>26,534</b>	<b>19,506</b>

Out of the total short-term borrowings of Rs. 26,534, the Company has an option to refinance the short-term borrowings of Rs. 21,087 with the lenders, if required.

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**Bharti Hexacom Limited**  
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**Analysis of borrowings**

The details given below are gross of debt origination cost.

**15.1 Maturity of borrowings, Interest rate and currency of borrowings**

Borrowings are at floating and fixed rate of interest. The table below summarises the maturity profile, interest rates and currency of borrowings of the Company's borrowings based on contractual undiscounted payments.

Currency of borrowings	Rate of Interest (Weighted)	As of March 31, 2019	Maturity Profile			Terms of repayment
			Within one year	between one and two years	between two and five years	
INR	8.7%	10,900	10,900	-	-	Bullet payment, payable on due date
INR	9.0%	3,440	3,440	-	-	Bullet payment, payable on due date
INR	8.4%	2,880	2,880	-	-	1 installments, bullet payment payable on due date
INR	9.7%	1,968	1,968	-	-	Bullet payment, payable on due date
INR	7.9%	5,446	5,446	-	-	Bullet payment, payable on due date
INR	8.2%	4,779	4,779	-	-	Payable on due date
<b>Total</b>		<b>29,414</b>	<b>29,414</b>	-	-	

Currency of borrowings	Rate of Interest (Weighted)	As of March 31, 2018	Maturity Profile			Terms of repayment
			Within one year	between one and two years	between two and five years	
INR	7.1%	1,574	1,574	-	-	Bullet payment, payable on due date
INR	7.8%	6,150	6,150	-	-	Bullet payment, payable on due date
INR	7.9%	1,760	880	880	-	2 installments, payable annually
INR	8.0%	6,589	6,589	-	-	Bullet payment, payable on due date
INR	8.4%	800	800	-	-	Bullet payment, payable on due date
INR	7.7%	4,393	4,393	-	-	Payable on due date
<b>Total</b>		<b>21,266</b>	<b>20,386</b>	<b>880</b>	-	

	Weighted average rate of Interest	Total Borrowings	Floating Rate Borrowings	Fixed Rate Borrowings
INR	8.7%	29,414	23,967	5,447
<b>March 31, 2019</b>		<b>29,414</b>	<b>23,967</b>	<b>5,447</b>
INR	7.3%	21,266	16,853	4,413
<b>March 31, 2018</b>		<b>21,266</b>	<b>16,853</b>	<b>4,413</b>

**15.2 Unused lines of credit**

Unsecured

	As of	
	March 31, 2019	March 31, 2018
	5,635	6,587
	<b>5,635</b>	<b>6,587</b>





**Bharti Hexacom Limited**  
**Notes to Financial Statements**  
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**16. Financial Liabilities - Others**

**Non-current**

	As of	
	March 31, 2019	March 31, 2018
Lease rent equalisation	1,266	1,352
Capital payables	1,723	-
Others	0	-
	<b>2,989</b>	<b>1,352</b>

**Current**

	As of	
	March 31, 2019	March 31, 2018
Capital payables	2,935	448
Security deposits	248	253
Dues to employees	40	41
Interest accrued but not due	19	9
Others*	23	166
	<b>3,265</b>	<b>917</b>

\* It mainly includes payable against spectrum acquisition and certain unclaimed liabilities with respect to distributors.

**17. Provisions**

**Non-current**

	As of	
	March 31, 2019	March 31, 2018
Asset retirement obligations	162	223
Gratuity	40	41
Other employee benefit plans	3	3
	<b>205</b>	<b>267</b>



**Bharti Hexacom Limited**  
**Notes to Financial Statements**

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

**Current**

	As of	
	March 31, 2019	March 31, 2018
Gratuity	11	11
Other employee benefit plans	21	21
	<b>32</b>	<b>32</b>

The movement of provision towards assets retirement obligations is as below:

	For the year ended	
	March 31, 2019	March 31, 2018
Opening Balance	223	194
Net (reversal) / additions	(61)	29
	<b>162</b>	<b>223</b>

Refer note 23 for movement of provision towards various employee benefits.

The movement of provisions towards subjudice matters is as below:

	For the year ended	
	March 31, 2019	March 31, 2018
Opening Balance	5,317	4,504
Net (reversal) / additions	(575)	813
	<b>4,742</b>	<b>5,317</b>

The said provision has been disclosed under:

	As of	
	March 31, 2019	March 31, 2018
Trade payables (refer note 19)	1,940	2,755
Other non - financials assets - Non - current (refer note 10)	2,802	2,562
	<b>4,742</b>	<b>5,317</b>

The said provisions pertain to payable / paid under protest for spectrum usage charges / licence fees (trade payable / other non-financial assets) and payable for certain levies (other non-financial liabilities).



**Bharti Hexacom Limited**  
**Notes to Financial Statements**

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

**18. Other non-financial liabilities**

**Current**

	As of	
	March 31, 2019	March 31, 2018
Taxes payable*	1,123	1,421
	1,123	1,421

\* Taxes payable mainly pertains to Goods and service tax (GST) and provision towards sub judice matters.

**19. Trade Payable**

	As of	
	March 31, 2019	March 31, 2018
Due to Micro and Small enterprises	3	0
Others*	15,910	9,811
	<b>15,913</b>	<b>9,811</b>

\* Trade payables includes dues to related parties (refer note 32) and provision towards subjudice matters (refer note 17).

**Micro, small & medium enterprises development act 2006 ('MSMED') disclosure**

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

Sr No	Particulars	For the year ended	
		March 31, 2019	March 31, 2018
1	Principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year	3	0
2	Amount of interest paid by the buyer in terms of section 16 of the MSMED Act, 2006, along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year	25	2
3	Amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under MSMED Act, 2006.	-	-
4	Amount of interest accrued and remaining unpaid at the end of each accounting year;	-	0
5	Amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act, 2006.	-	-



**20. Guarantees, contingencies and commitments**

**(I) Contingent liabilities**

**Claims against the company not acknowledged as debt:**

	As of	
	March 31, 2019	March 31, 2018
(i) Taxes, Duties and Other demands (under adjudication / appeal / dispute)		
-VAT/Sales Tax and Service Tax	645	777
-Income Tax	591	596
-Custom duty	182	182
-Entry Tax	863	904
-Stamp duty	0	0
-Department of Telecom (DoT) demands	4,271	435
-Other miscellaneous demands	22	22
(ii) Claims under legal cases including arbitration matters		
-Access Charges/Port Charges	801	712
-Others	82	17
	<b>7,457</b>	<b>3,645</b>

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

**a) Sales tax/VAT and Service tax**

The Company has received demands from service tax authorities in relation to service tax levy on sale of sim cards and cenvat claimed on tower and related material.

**b) Income tax demand**

Income tax demands under appeal mainly include the appeals filed by the Company before various appellate authorities against the disallowance by the income tax authorities of certain expenses being claimed and non-deduction of tax at source with respect to dealers/distributor's margin etc.

**c) Access charges (Interconnect Usage Charges)/Port charges**

- i. Despite the interconnect usage ('IUC') rates being governed by the Regulations issued by Telecom Regulatory Authority of India ('TRAI'); BSNL had raised a demand for IUC at the rates contrary to the regulations issued by TRAI in 2009. Accordingly, the Company filed a petition against the demand with the TDSAT which allowed payments by the Company based on the existing guidelines. The matter was then challenged by BSNL and is currently pending with the Hon'ble Supreme Court.
- ii. The Hon'ble TDSAT allowed BSNL to recover distance based carriage charges. The private telecom operators have jointly filed an appeal against the said order and the matter is currently pending before the Hon'ble Supreme Court.

- iii. BSNL challenged before TDSAT the port charges reduction contemplated by the regulations issued by TRAI in 2007 which passed its judgment in favour of BSNL. The said judgment has been challenged by the private operators in Hon'ble Supreme Court. Pending disposal of the said appeal, in the interim, private operators were allowed to continue paying BSNL as per the revised rates i.e. TRAI regulation issued in 2007, subject to the bank guarantee being provided for the disputed amount. The rates were further reduced by TRAI in 2012 which was under challenge by BSNL before the Hon'ble Delhi High Court. The Hon'ble Delhi High Court, in the interim, without staying the rate revision, directed the private operators to secure the difference between TRAI regulation of 2007 and 2012 rates by way of bank guarantee pending final disposal of appeal.

#### **d) Custom duty**

The Custom authorities, in some States, demanded custom duty for the imports of special software on the ground that this would form part of the hardware on which it was pre-loaded at the time of import. The view of the Company is that such imports should not be subject to any custom duty as it is an operating software exempt from any custom duty. In response to the application filed by the Company, the Hon'ble Central Excise and Service Tax Appellate Tribunal ('CESTAT') has passed an order in favour of the custom authorities. The Company has filed an appeal with Hon'ble Supreme Court against the CESTAT order.

#### **e) Entry tax**

In certain States an entry tax is levied on import of material from outside the State. This position had been challenged by the Company in the respective States, on the grounds that the specific entry tax is ultra vires the Constitution. Classification issues had also been raised whereby, in view of the Company, the material proposed to be taxed is not covered under the specific category.

During the year ended March 31, 2017, the Hon'ble Supreme Court of India upheld the constitutional validity of entry tax levied by few States. However, Supreme Court did not conclude certain aspects such as present levies in each State is discriminatory in nature or not, leaving them open to be decided by regular benches of the High Courts of respective states. Subsequently during the financial year 2017-18 and 2018-19 High Courts of Madhya Pradesh, Uttar Pradesh, Uttarakhand and Kerala have passed orders in favour of State Governments. Pending disposition by the regular benches of most of the High Courts, the Company has decided to maintain status-quo on its position until all the High Courts decide on the matter and hence continues to disclose it as contingent liability.

#### **f) DoT demands**

- (i) Demands for license fees pertaining to computation of Adjusted Gross Revenue ('AGR') and the interest thereon, due to difference in its interpretation. The definition of AGR is sub-judice and under dispute

since 2005 before the TDSAT. TDSAT had pronounced its judgment in 2015, quashed all demands raised by DoT and directed DoT to rework the demands basis the principles enunciated in its judgment. Subsequently, the Union of India ('UOI') and the Company along with various other operators have filed appeals / cross appeals before the Hon'ble Supreme Court of India against the TDSAT judgment. In 2016, all the appeals were tagged together and Hon'ble Supreme Court has permitted DOT to raise demands with a direction not to enforce any demand till the final adjudication of the matter by Hon'ble Supreme Court. Further, in the matter to the writ petition, the Hon'ble Tripura High Court vide its judgement dated May 16, 2017 has allowed the Company petition to exclude non-telecom revenue from the purview of Gross Revenue. Accordingly, DoT has raised the demand basis special audit done by DoT and Comptroller and Auditor General of India. The contingent liability includes such demand and interest thereto (excluding certain contentious matters, penalty and interest thereto) for the financial years for which demand has been received by the Company.

- (ii) DoT had enhanced the microwave rates by introducing slab-wise rates based on the number of carriers vide circulars issued in 2006 and 2008 from erstwhile basis being allocated frequency. The Company had challenged the matter in TDSAT wherein TDSAT set aside the circular. In 2010, DOT had challenged the order of TDSAT before the Hon'ble Supreme Court which is yet to be listed for hearing. Further, TDSAT pronounced its judgment in March 2019 in relation to Unified Licenses which provides for manner of determination of such levies and dates from which such levies can be made applicable.

The Company had made a provision of Rs. 1,155 until December 2018 for the period from FY 2007- 08 to FY 2018-19 (refer note 29). Subsequently, basis the recent judgment and external legal opinion the matter has now been assessed to be a contingent liability.

- (iii) Demands for the contentious matters in respect of subscriber verification norms and regulations including validity of certain documents allowed as proof of address / identity.
- (iv) Penalty for alleged failure to meet certain procedural requirements for EMF radiation self-certification compliance.

The matters stated above are being contested by the Company and based on legal advice, the Company believes that it has complied with all license related regulations and does not expect any financial impact due to these matters.





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In addition to the amounts disclosed in the table above, the contingent liability on DOT matters includes the following:

- (v) Post the Hon'ble Supreme Court Judgment in 2011, on components of AGR for computation of license fee, based on the legal advice, the Company believes that the foreign exchange gain should not be included in AGR for computation of license fee thereon. Further as per TDSAT judgment in 2015, foreign exchange fluctuation does not have any bearing on the license fees. Accordingly, the license fee on foreign exchange gain has not been provided in the financial statements. Also, due to ambiguity of interpretation of 'foreign exchange differences', the license fee impact on such exchange differences is not quantifiable. The matter is currently pending adjudication of the matter by Hon'ble Tripura High Court and Hon'ble Supreme Court.
- (vi) On January 8, 2013, the DoT issued a demand on the Company for Rs. 659 towards levy of one time spectrum charge, which was further revised on June 27, 2018 to Rs. 4,737. The revised demand includes a retrospective charge of Rs 150 for holding GSM Spectrum beyond 6.2 MHz for the period from July 1, 2008 to December 31, 2012 and also a prospective charge of Rs 4,587 for GSM spectrum held beyond 4.4 MHz for the period from January 1, 2013, till the expiry of the initial terms of the respective licenses.

In the opinion of the Company, inter-alia, the above demand amounts to alteration of financial terms of the licenses issued in the past. Based on a petition filed by the Holding company, the Hon'ble High Court of Bombay, vide its order dated January 28, 2013, has directed the DoT to respond and not to take any coercive action until the next date of hearing. The DoT has filed its reply and the matter is currently pending with Hon'ble High Court of Bombay. The Company based on the independent legal opinion taken by the Holding Company, till date has not given any effect to the above demand.

**Guarantees:**

Guarantees outstanding as of March 31, 2019 and March 31, 2018 amounting to Rs. 3,208 and Rs. 3,715, respectively have been issued by banks and financial institutions on behalf of the Company. These guarantees include certain financial bank guarantees which have been given for subjudice matters and in compliance with licensing conditions, the amount with respect to these have been disclosed under capital commitments, contingencies and liabilities, as applicable, in compliance with the applicable accounting standards.





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**(II) Commitments**

**Capital commitments**

The Company has contractual commitments towards capital expenditure (net of related advances paid) of Rs. 3,596 and Rs. 6,045 as of March 31, 2019 and 2018, respectively.

**(III) Lease Commitments**

**a) Operating Lease**

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

**As lessee**

The future minimum lease payments obligations are as follows:-

	<b>As of</b>	
	<b>March 31, 2019</b>	<b>March 31, 2018</b>
Not later than one year	5,453	7,110
Later than one year but not later than five years	16,850	12,720
Later than five years	7,337	5,893
<b>Total</b>	<b>29,640</b>	<b>25,723</b>
Lease Rentals (Excluding lease equalisation adjustment of Rs. (86) and RS. (64) for the year ended March 31, 2019 and 2018)	4,609	3,832

The escalation clause includes escalation ranging from 0 to 2.5%, includes option of renewal from 1 to 15 years and there are no restrictions imposed by lease arrangements.

**As lessor**

The future minimum lease receivables obligations are as follows:-

	<b>As of</b>	
	<b>March 31, 2019</b>	<b>March 31, 2018</b>
Not later than one year	606	953
Later than one year but not later than five years	2,043	3,108
Later than five years	389	849
<b>Total</b>	<b>3,038</b>	<b>4,910</b>

**21. Revenue from operations**

	<b>For the year ended</b>	
	<b>March 31, 2019</b>	<b>March 31, 2018</b>
Service revenue	36,136	44,083
	<b>36,136</b>	<b>44,083</b>



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**Disaggregation of Revenue**

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

Particulars	For the year ended				Total	
	Mobile Services		Home and Office Services			
	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
<b>Geographical Markets</b>						
India	35,516	43,480	521	502	36,037	43,982
Others	99	101	-	-	99	101
	<b>35,516</b>	<b>43,480</b>	<b>521</b>	<b>502</b>	<b>36,136</b>	<b>44,083</b>
<b>Major Service lines</b>						
Data and Voice Services	30,672	34,137	504	485	31,176	34,622
Others	4,943	9,444	17	17	4,960	9,461
	<b>35,615</b>	<b>43,581</b>	<b>521</b>	<b>502</b>	<b>36,136</b>	<b>44,083</b>
<b>Timing of Revenue Recognition</b>						
Services transferred at a point in time	15	4	0	0	16	5
Services transferred over time	35,600	43,577	521	501	36,121	44,078
	<b>35,615</b>	<b>43,581</b>	<b>521</b>	<b>502</b>	<b>36,136</b>	<b>44,083</b>

**Contract Balances**

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

	As of	
	March 31, 2019	March 31, 2018
Unbilled Revenue	537	759
Deferred Revenue	2,090	2,147

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

	For the year ended	
	March 31, 2019	
	Unbilled Revenue	Deferred Revenue
Revenue recognised that was included in deferred revenue at the beginning of the year	-	2,018
Increase due to cash received, excluding amounts recognised as revenue during the year	-	1,961
Transfer from unbilled revenue recognised at the beginning of the year to receivables	759	-

**22. Network operating expenses**

	For the year ended	
	March 31, 2019	March 31, 2018
Power and fuel	5,591	5,040
Passive infrastructure charges	4,475	3,720
Repair and maintenance	1,474	1,301
Internet, bandwidth and leasedline charges	259	365
Others	431	386
<b>Total</b>	<b>12,230</b>	<b>10,812</b>



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**23. Employee benefits expense**

	For the year ended	
	March 31, 2019	March 31, 2018
Salaries, wages and bonus	604	752
Contribution to provident and other funds	21	19
Defined benefit obligation/ other long term benefits	14	13
Staff welfare expenses	26	41
Others	10	4
	<b>675</b>	<b>829</b>

**Employee benefits**

The details of significant defined benefit obligations are as follows:

	For the year ended			
	March 31, 2019		March 31, 2018	
	Gratuity	Compensated absences	Gratuity	Compensated absences
<b>Obligation:</b>				
Balance as at beginning of the year	52	21	50	23
Current service cost	7	4	7	4
Interest cost	4	2	4	2
Benefits paid	(8)	(4)	(7)	(4)
Transfers	1	2	1	-
Remeasurements	(5)	(4)	(3)	(4)
<b>Present value of obligation</b>	<b>51</b>	<b>21</b>	<b>52</b>	<b>21</b>
<b>Current portion</b>	11	21	11	21
<b>Non-current portion</b>	40	-	41	-

The expected contribution for the year ended March 31, 2019 and 2018 for Gratuity plan is Rs. 11 and Rs. 11 respectively.

**Amount recognised in other comprehensive income**

	For the year ended	
	March 31, 2019	March 31, 2018
Experience (gains) / losses	(1)	-
Gains from change in demographic assumptions	-	0
Losses / (gains) from change in financial assumptions	(4)	(3)
<b>Remeasurements on liability</b>	<b>(5)</b>	<b>(3)</b>

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

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



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

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

	<b>As of</b>	
	<b>March 31, 2019</b>	<b>March 31, 2018</b>
Discount Rate	7.65%	7.85%
Rate of Return on Plan Assets	N.A.	N.A.
Rate of salary increase	7.00%	9.00%
Rate of attrition	21% to 36%	21% to 24%
Retirement age	58	58

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

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

	<b>Change in assumption</b>	<b>As of</b>			
		<b>March 31, 2019</b>		<b>March 31, 2018</b>	
		<b>Gratuity</b>	<b>Compensated absence</b>	<b>Gratuity</b>	<b>Compensated absence</b>
Discount Rate	+1%	(2)	(1)	(2)	(1)
	-1%	2	1	2	1
Salary Growth Rate	+1%	2	1	2	1
	-1%	(2)	(1)	(2)	(1)

The above sensitivity analysis is determined based on a method that extrapolates the impact on the net defined benefit obligations, as a result of reasonable possible changes in the significant actuarial assumptions. Further, the above sensitivity analysis is based on a reasonably possible change in a particular under-lying actuarial assumption, while assuming all other assumptions to be constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated.

Based on the movements in these actuarial assumptions historically and the prevailing market and demographic conditions as at the reporting date, the Company's Management has concluded that above mentioned rates used for sensitivity are reasonable benchmarks.



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The table below summarises the maturity profile of the Company' gratuity liability:

	<b>As of</b>	
	<b>March 31, 2019</b>	<b>March 31, 2018</b>
Within one year	11	11
Between one and three years	16	16
Between three and five years	9	10
Over five years	15	15
	<b>51</b>	<b>52</b>

The weighted average duration of the defined benefit obligation is 3.70 years and 3.78 years as of March 31, 2019 and 2018, respectively.

**24. Sales and marketing expense**

	<b>For the year ended</b>	
	<b>March 31, 2019</b>	<b>March 31, 2018</b>
Sales commission and distribution expenses	698	856
Advertisement and marketing	301	382
Business promotion	219	298
Others	645	364
	<b>1,863</b>	<b>1,900</b>

**25. Other expenses**

	<b>For the year ended</b>	
	<b>March 31, 2019</b>	<b>March 31, 2018</b>
Content cost	565	513
Legal & professional charges	140	226
Customer care expenses	145	209
IT expenses	137	182
Bad debts written off	1	162
Provision for doubtful debts	679	249
Loss on sale of assets	12	17
Collection and recovery expense	90	104
Charity and donation #	46	100
Other administrative expense	305	161
	<b>2,120</b>	<b>1,923</b>

# As per the requirements of section 135 of the Companies Act, 2013, the Company was required to spend an amount of Rs. 155 and Rs. 268 for the year ended March 31, 2019 and 2018 on Corporate Social Responsibility expenditure. During the year ended March 31, 2019 and 2018, the Company has made a contribution of an amount of Rs. 46 to Bharti Foundation towards corpus fund which is utilized to meet part of the operational expenses of the education program of Bharti Foundation.



**26. Depreciation and amortisation**

	For the year ended	
	March 31, 2019	March 31, 2018
Depreciation	6,140	5,006
Amortisation	3,947	3,681
	<b>10,087</b>	<b>8,687</b>

**27. Finance income and costs**

	For the year ended	
	March 31, 2019	March 31, 2018
<b>Finance income</b>		
Interest income on deposits	17	15
Interest income on others	1	421
Net exchange gain	32	136
Net gain on derivative financial instruments	23	-
	<b>73</b>	<b>572</b>
<b>Finance costs</b>		
Interest on borrowings	1,767	767
Net loss on derivative financial instruments	-	42
Other finance charges	708	536
	<b>2,475</b>	<b>1,345</b>

"Other finance charges" comprise bank charges, trade finance charges and interest charges towards sub judice matters.

**28. Non-operating expenses**

Non-operating expenses comprise regulatory levies applicable to finance income.

**29. Exceptional Items**

Exceptional items comprises of the following:

- a. For the year ended March 31, 2019:
  - (a) Charge of Rs. 106 mainly towards operating costs on network re-farming and up-gradation program.
  - (b) Credit of Rs. 1,155 due to re-assessment of levies, based on a recent pronouncement related to the manner of determination of such levies {refer note 6(f)(ii)}.
- b. For the year ended March 31, 2018:
  - (a) Charge of Rs. 12 mainly towards operating costs on network re-farming and up-gradation program
  - (b) Charge of Rs. 65 towards provision for one major delinquent receivable balance





### 30. Earnings per share

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

	As of	
	March 31, 2019	March 31, 2018
Weighted average shares outstanding ('000) - Basic / Diluted	250,000	250,000
Loss for the year	(7,220)	(1,119)

### 31. Segment Reporting

The Company's operating segments are organised and managed separately through the respective business managers, according to the nature of products and services provided with each segment representing a strategic business unit. These business units are reviewed by one of the directors of the Company (Chief Operating Decision Maker - 'CODM').

The amounts reported to CODM are based on the accounting principles used in the preparation of financial statements as per Ind AS. Segment's performance is evaluated based on segment revenue and segment result viz. profit or loss from operating activities before exceptional items and tax. Accordingly, finance costs / income, non – operating expenses and exceptional items are not allocated to individual segment.

Inter-segment pricing and terms are reviewed and changed by the management to reflect changes in market conditions and changes to such terms are reflected in the period in which the changes occur. Inter-segment revenues are eliminated upon consolidation of segments and reflected in the 'Eliminations' column.

Segment assets / liabilities comprise assets / liabilities directly managed by each segment. Segment assets primarily include receivables, property, plant and equipment, Capital work-in-progress, intangibles assets, intangible assets under development, inventories and cash and cash equivalents. Segment liabilities primarily include operating liabilities. Segment capital expenditure comprises of additions to property, plant and equipment, capital work-in-progress, intangible assets, intangible assets under development, and capital advances.

The reporting segments of the Company are as below:

**Mobile Services:** These services cover voice and data telecom services provided through wireless technology (2G/3G/4G). This also includes intra city fibre networks.

**Homes and Office Services:** These services cover voice and data communications through fixed-line network and broadband technology.



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**Unallocated:** Unallocated items include expenses / results, assets and liabilities of corporate headquarters of the Company, current taxes, deferred taxes, borrowings and certain financial assets and liabilities, not allocated to the operating segments.

Summary of the segmental information for the year ended and as of March 31, 2019 is as follows:

	<b>Mobile Services</b>	<b>Homes and Office Services</b>	<b>Unallocated</b>	<b>Eliminations</b>	<b>Total</b>
Revenue from external customers	35,615	521	-	-	36,136
Inter segment revenue	0	66	-	(66)	0
<b>Total revenue</b>	<b>35,615</b>	<b>587</b>	<b>-</b>	<b>(66)</b>	<b>36,136</b>
Segment results	(10,048)	175	-	-	(9,873)
<b>Less:</b>					
Finance costs					2,475
Finance income					(73)
Non-operating expense					2
Exceptional items					(1,049)
<b>Loss before tax</b>					<b>(11,228)</b>
<b>Other segment items</b>					
Capital expenditure	13,852	317	-	(22)	14,148
Depreciation and amortisation	10,016	142	-	(71)	10,087
<b>As of March 31, 2019</b>					
Segment assets	106,270	1,777	6,115	(755)	113,407
Segment liabilities	26,326	281	29,879	(755)	55,731

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Summary of the segmental information for the year ended, as of March 31, 2018 is as follows:

	Mobile Services	Homes and Office Services	Unallocated	Eliminations	Total
Revenue from external customers	43,581	502	-	-	44,083
Inter segment revenue	105	-	-	(105)	-
<b>Total revenue</b>	<b>43,686</b>	<b>502</b>	<b>-</b>	<b>(105)</b>	<b>44,083</b>
Segment results	(1,021)	169	-	-	(852)
<b>Less:</b>					
Finance costs					1,345
Finance income					(572)
Non-operating expense					59
Exceptional items					77
<b>Loss before tax</b>					<b>(1,761)</b>
<b>Other segment items</b>					
Capital expenditure	13,235	184	-	(221)	13,198
Depreciation and amortisation	8,627	90	-	(30)	8,687
<b>As of March 31, 2018</b>					
Segment assets	100,689	1,437	2,149	(805)	103,470
Segment liabilities	16,494	258	22,630	(805)	38,577

**Geographical information:**

The Company is operating mainly in single geographic segment, i.e. in India. Thus, no information concerning geographical areas is applicable to the Company.

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**32. Related party disclosures**

**i. Parent Company**

Bharti Airtel Limited

**ii. Ultimate controlling entity (w.e.f. November 3, 2017)**

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

**iii. Entity having significant influence over the Company**

Telecommunications Consultants India Limited

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

**a. Fellow Subsidiaries**

Bharti Airtel Services Limited  
Bharti Telemedia Limited  
Bharti Infratel Limited  
Airtel Payment Bank Limited (Cease to be Subsidiary w.e.f. October 25, 2018)  
Telesonic Networks Limited  
Nxtra Data Limited  
Wynk Limited  
Airtel (Seychelles) Limited  
Airtel Madagascar S.A.  
Airtel Networks Kenya Limited  
Airtel Networks Zambia Plc  
Airtel Tanzania Limited  
Airtel Uganda Limited  
Celtel Niger S.A

**b. Entity where parent company exercises significant influence**

Indus Towers Limited  
Airtel Payment Bank Limited (w.e.f. October 25, 2018)

**c. Fellow companies (subsidiary other than that of the Company)  
Subsidiary**

Bharti Axa General Insurance Company Limited

**d. Other related parties \***

Brightstar Telecommunication India Limited  
Jersey Airtel Limited  
Bharti Foundation  
Centum Learning Limited  
Deber Technologies Private Limited

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

**v. Key Management Personnel**

Nidhi Luria (w.e.f. November 06, 2018)  
Hemanth Guruswamy (w.e.f. October 8, 2017 to till October 17, 2018)



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The remuneration paid to Key Management Personnel of the Company is borne by its Holding company, Bharti Airtel Limited and cross charged as part of a single composite consideration. Accordingly, the same is not reported under related party transaction.

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

	<b>For the year ended March 31, 2019</b>				
	<b>Parent Company</b>	<b>Fellow subsidiaries*</b>	<b>Entity where parent company exercise significant influence</b>	<b>Entity having significant influence over the company</b>	<b>Other related parties</b>
Purchase of fixed assets/bandwidth	2,025	190	40	-	41
Sale of fixed assets/IRU given	714	-	-	-	-
Rendering of services	6,628	6	4	-	-
Receiving of services	18,042	2,400	2,411	-	3
Expenses incurred on behalf of others	-	13	2	-	-
Expenses incurred on behalf of the company	844	11	-	-	-
Donation	-	-	-	-	46
Interest Income	2	-	-	-	-
Reimbursement of energy expenses	-	1,350	1,689	-	-
Guarantees and collaterals on behalf of the company	(189)	-	-	-	-
Dividend Paid	-	-	-	-	-

	<b>For the year ended March 31, 2018</b>				
	<b>Parent Company</b>	<b>Fellow subsidiaries*</b>	<b>Entity where parent company exercise significant influence</b>	<b>Entity having significant influence over the company</b>	<b>Other related parties</b>
Purchase of fixed assets/bandwidth	1,220	58	-	-	59
Sale of fixed assets/IRU given	377	-	-	-	-
Rendering of services	8,709	14	-	-	-
Receiving of services	17,414	2,238	1,836	-	8
Expenses incurred on behalf of others	21	21	-	-	-
Expenses incurred on behalf of the company	1,311	2	-	-	-
Donation	-	-	-	-	100
Interest Expenses	-	-	-	-	-
Interest Income	-	-	-	-	-
Reimbursement of energy expenses	-	1,239	1,552	-	-
Guarantees and collaterals on behalf of the company	657	-	-	-	-
Dividend Paid	476	-	-	204	-

\*The details of significant transactions with fellow subsidiaries and group companies are as follows:-

	<b>For the year ended</b>	
	<b>March 31, 2019</b>	<b>March 31, 2018</b>
(i) <b>Receiving of services</b>		
<b>Fellow subsidiaries</b>		
Bharti Infratel Limited	1,837	1,687
(ii) <b>Reimbursement of energy expenses</b>		
<b>Fellow subsidiaries</b>		
Bharti Infratel Limited	1,350	1,239
(iii) <b>Donation</b>		
<b>Other related party</b>		
Bharti Foundation	46	100



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

	Parent Company	Fellow subsidiaries*	Entity where parent company exercise significant influence	Other related parties
<b>As of March 31, 2019</b>				
Security Deposit	-	121	215	-
Trade Receivables	-	151	88	-
Trade Payables	(5,438)	(1,081)	(2,104)	(7)
<b>As of March 31, 2018</b>				
Security Deposit	-	151	188	-
Trade Receivables	-	16	-	-
Trade Payables	(666)	(628)	(705)	(6)

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

### 33. Financial risk management objectives and policies

#### 1. Financial Risk

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

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

#### (i) Foreign currency risk

Foreign exchange risk arises on all recognised monetary assets and liabilities, and any highly probable forecasted transactions, which are denominated in a currency other than the functional currency of the Company. The Company has foreign currency trade payables and receivables. However, foreign exchange exposure mainly arises from trade payables denominated in foreign currencies. Consequently, the Company is mainly exposed to foreign exchange risks related to USD vis-à-vis the functional currencies.

#### Foreign currency sensitivity

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



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	<b>Change in currency exchange rate</b>	<b>Effect on profit before tax</b>
<b>For the year ended March 31, 2019</b>		
US Dollars	+5%	(103)
	-5%	103
<b>For the year ended March 31, 2018</b>		
US Dollars	+5%	(63)
	-5%	63

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

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

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

**(ii) Interest rate risk**

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

**Borrowings**

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

The Company monitors the interest rate movement and manages the interest rate risk based on its risk management policies - as considered appropriate and whenever necessary.





**Interest rate sensitivity of borrowings**

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

<b>Interest rate sensitivity</b>	<b>Increase / decrease in basis points</b>	<b>Effect on profit before tax</b>
<b>For the year ended March 31, 2019</b>		
INR - borrowings	+100	(240)
	-100	240
<b>For the year ended March 31, 2018</b>		
INR - borrowings	+100	(169)
	-100	169

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

The above sensitivity analysis is based on a reasonably possible change in the under-lying interest rate of the Company's borrowings, while assuming all other variables to be constant.

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

**(iii) Price risk**

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

**(iv) Credit risk**

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

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



### Trade receivables

The Trade receivables of the Company are typically non-interest bearing un-secured and derived from sales made to a large number of independent customers. As the customer base is widely distributed both economically and geographically, there is no concentration of credit risk other than receivables from Group entities. The credit period provided by the Company to its customers (other than Group entities), generally ranges between 14-30 days. For details of trade receivables / revenues from related-parties, refer note 32.

The Company uses a provision matrix to measure the expected credit loss of trade receivables, which comprise a very large numbers of small balances. Refer Note 11 for details on the impairment of trade receivables. Based on the industry practices and the business environment in which the entity operates, management considers that the trade receivables are credit impaired if the payments are more than 90 days past due.

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

	Neither past due nor impaired (excluding unbilled)	Past due but not impaired				Total
		Less Than 30 days	30 to 60 days	60 to 90 days	Above 90 days	
Trade Receivables as of March 31, 2019	107	526	86	67	217	1,003
Trade Receivables as of March 31, 2018	300	806	172	108	122	1,508

The Company performs on-going credit evaluations of its customers' financial condition and monitors the credit-worthiness of its customers to which it grants credit in its ordinary course of business.

### Financial instruments and cash deposits

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

### (v) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. Accordingly, as a prudent liquidity risk management measure, the Company closely monitors its liquidity position and deploys a robust cash management system. It maintains adequate sources of financing including bilateral loans, debt and overdraft from domestic at an optimised cost. It also enjoys strong access to domestic and international capital markets across debt and equity.



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Moreover, the Company's senior management regularly monitors the rolling forecasts of the entities' liquidity reserve (comprising of the amount of available un-drawn credit facilities and Cash and cash equivalents) and the related requirements, to ensure they have sufficient cash on an on-going basis to meet operational needs while maintaining sufficient headroom at all times on its available un-drawn committed credit facilities, so that there is no breach of borrowing limits or relevant covenants on any of its borrowings. For details as to the Borrowings, refer Note 15.

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

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

	As of March 31, 2019						
	Carrying amount	On demand	Less than 6 months	6 to 12 months	1 to 2 years	> 2 years	Total
Interest bearing borrowings*#	29,433	4,779	24,233	917	-	-	29,929
Other financial liabilities#	6,235	248	2,152	845	1,622	1,368	6,235
Trade payables	15,913	-	15,913	-	-	-	15,913
<b>Financial liabilities</b>	<b>51,581</b>	<b>5,027</b>	<b>42,298</b>	<b>1,762</b>	<b>1,622</b>	<b>1,368</b>	<b>52,077</b>

	As of March 31, 2018						
	Carrying amount	On demand	Less than 6 months	6 to 12 months	1 to 2 years	> 2 years	Total
Interest bearing borrowings*#	21,266	4,393	12,643	3,838	950	-	21,823
Other financial liabilities#	2,260	-	908	-	-	1,352	2,260
Trade payables	9,811	-	9,811	-	-	-	9,811
<b>Financial liabilities</b>	<b>33,337</b>	<b>4,393</b>	<b>23,362</b>	<b>3,838</b>	<b>950</b>	<b>1,352</b>	<b>33,894</b>

\* Includes contractual interest payment based on interest rate prevailing at the end of the reporting period over the tenor of the borrowings.

# Interest accrued but not due has been included in interest bearing borrowings and excluded from other financial liabilities.

The following table provides the reconciliation of liabilities whose cash flow movements are disclosed as part of financing activities of statement of cash flows:



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	Non-cash changes					
	April 1, 2018	Cash flows	Interest expense	Fair value changes	Others	March 31, 2019
Borrowings	16,873	7,757	-		4	24,634
Interest accrued but not due	9	(2,185)	2,471		(276)	19
Derivative Instrument	-	23	-	(23)	-	-

**2. Capital Risk**

The Company's objective while managing capital is to safeguard its ability to continue as a going concern (so that it is enabled to provide returns and create value for its shareholders, and benefits for other stakeholders), support business stability and growth, ensure adherence to the covenants and restrictions imposed by lenders and / or relevant laws and regulations, and maintain an optimal and efficient capital structure so as to reduce the cost of capital. However, the key objective of the Company's capital management is to, ensure that it maintains a stable capital structure with the focus on total equity, uphold investor; creditor and customer confidence, and ensure future development of its business activities. In order to maintain or adjust the capital structure, the Company may issue new shares, declare dividends, return capital to shareholders, etc.

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

The Company monitors capital using a gearing ratio calculated as below:

	As of	
	March 31, 2019	March 31, 2018
Borrowings	29,414	21,266
Less: Cash and cash equivalents	24	774
Less: Term deposit	106	94
<b>Net Debt</b>	<b>29,284</b>	<b>20,398</b>
Equity	57,676	64,893
<b>Total Capital</b>	<b>57,676</b>	<b>64,893</b>
<b>Capital and Net Debt</b>	<b>86,960</b>	<b>85,291</b>
<b>Gearing Ratio</b>	<b>33.7%</b>	<b>23.9%</b>



**34. Auditor's remuneration**

	For the year ended	
	March 31, 2019	March 31, 2018
Audit fee*	5	5
Reimbursement of expenses	0	0
Certification Fee	0	0
	<b>5</b>	<b>5</b>

\* Excluding goods and service tax / service Tax

**35. Fair Value of financial assets and liabilities**

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

	Carrying Value as of		Fair Value as of	
	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
<b>Financial Assets</b>				
<b>Amortised cost</b>				
Investments	0	0	0	0
Security deposits	577	561	577	561
Trade receivables	1,003	1,508	1,003	1,508
Cash and cash equivalents	24	774	24	774
Other bank deposits	285	290	285	290
Other financial assets	725	1,021	725	1,021
	<b>2,614</b>	<b>4,154</b>	<b>2,614</b>	<b>4,154</b>
<b>Financial Liabilities</b>				
<b>Amortised cost</b>				
Borrowings- fixed rate	5,447	4,413	5,447	4,413
Borrowings- floating rate	23,967	16,853	23,967	16,853
Trade payables	15,913	9,811	15,913	9,811
Other financial liabilities	6,254	2,269	6,254	2,269
	<b>51,581</b>	<b>33,346</b>	<b>51,581</b>	<b>33,346</b>

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

The carrying value of trade receivables, other bank balances, trade payables, short - term borrowings, floating - rate long-term borrowings, other current financial assets and liabilities approximate their fair value mainly due to the short-term maturities of these instruments / being subject to floating rates.

- 36.** The Company incurred a net loss for the financial year ended March 31, 2019 of Rs. 7,217 Mn (2017-18: Rs. 1,117 Mn) and as at that date, the current liabilities exceeded its current assets by Rs. 42,489 Mn (2017-18: Rs. 27,017 Mn) which includes deferred revenue of Rs. 2,047 Mn (2017-18: Rs. 2,018 Mn).

Management has undertaken key initiatives to improve the profitability and reduce current assets and liability mismatch. These initiatives include launch of minimum subscription plan, rationalization of pass

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through charges and cost structure, redeployment of spectrum for efficient usage, sale of non-core assets and negotiating the credit terms of capex vendors. Given its profile and past experience; Management expects that it will be able to access various source of funds (viz. banks / debt market / shareholders as deemed fit) as and to the extent required.

The financial statements are prepared on the basis of accounting policies applicable to a going concern assumption. In making its assessment, management acknowledges that the ability of the Company to continue as a going concern is dependent on the generation of sufficient profits, positive cash flows and the continued support of shareholders and lenders as and when required in the future.

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