

## **BOARD'S REPORT**

Dear Members,

Your Directors have pleasure in presenting the twenty sixth (26<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, 2021.

### **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 2020-21, industry revenue table continued to remain under pressure, due to aggressive price offerings by the latest entrant. The Company experienced a positive growth in income over the previous year which was majorly attributed to increase in revenue. The revenue and EBITDA for the year ended March 31, 2021 was Rs. 47,043 Million and Rs. 11,475 Million respectively as compared to revenue and EBITDA of Rs. 39,037 Million and Rs. 5,282 Million respectively of last year (i.e. for the year ended March 31, 2020).

The Company's mobile subscriber base had grown further by 2.4% from 26,528,875 in March 2020 to 27,184,867 in March 2021. The Company has done network rollout with the total number of sites increasing to 17,100 in March 2021 as compared to 14,811 in March 2020. 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:

<b>Particulars</b>	<b>(In Rupees Million)</b>	
	<b>FY 2020-21</b>	<b>FY 2019-20</b>
Income including Other Income	47,043	38,921
Profit from operating activities before depreciation, amortization and exceptional items	35,568	5,383
Finance Expenses (Net)	5,169	5,143
Depreciation & Amortisation expense	12,858	12,495
Loss/Profit before tax	(9,885)	(34,144)
Tax Expenses (current tax & deferred tax)	448	(7,132)
Loss/Profit for the year after tax	(10,333)	(27,012)

### **Material changes and commitments**

There were no material changes and commitments affecting the financial positions of the Company which have occurred between the end of the financial year of the Company and the date of the Board's Report.

### **COVID update**

The COVID-19 pandemic continues this year as well, with the second wave registering a much higher rate of transmission and greater intensity on account of infectious and perhaps virulent strain.

This situation continues to evolve and monitoring is being done closely to identify key risks and taking immediate actions to minimise any potential disruption from the pandemic to the Company's business.

The Company has abided by every safety and physical distancing norm and has been consistently communicating the same to both its employees and customers. The Company has encouraged people to work from home to ensure their safety and well-being. The Company stands in solidarity with the Government of India and all citizens of India, and the Company's efforts towards the betterment of one and all will continue unabated.

### 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 and notified by the Ministry of Corporate Affairs.

### Share capital

On March 31, 2021, the authorised share capital was INR 250,00,52,000 (Rupees Two Hundred Fifty Crore Fifty Two Thousand Only) divided into 25,00,00,000 (Twenty Five crore) equity shares of INR 10/- (Rupees Ten) each and 520 (Five Hundred Twenty) redeemable, non-participating, non-cumulative preference shares of INR 100/- (Rupees Hundred) each. During the year, there was no change in the Authorised Share Capital of the Company.

The issued, subscribed and paid-up share capital of the Company is INR 250,00,00,000 (Rupees Two Hundred Fifty Crore) divided into 25,00,00,000 (Twenty Five crore) equity shares of INR 10/- (Rupees Ten) each. The 487 redeemable, non-participating, non-cumulative preference shares of face value of INR 100 (Rupees Hundred Only) per share were redeemed upon maturity.

### Debentures

During the financial year, the Company has raised Rs. 15000 Mn, on January 21, 2021 through issuance of unsecured, listed, rated, non-convertible debentures at face value of Rs. 1 Mn each on private placement basis as per the following details:

- 15,000 non-convertible debentures at a coupon rate of 6.00% per annum [Tenor: 2 years, 363 days];

The aforesaid debentures are listed on National Stock Exchange of India Limited. The value of issued NCDs outstanding as on March 31, 2021 is Rs. 15000 Mn

The details of Debenture Trustee are given hereunder:

**Axis Trustee Services Limited**

Ground Floor, Axis House

Wadia International Centre, Pandurang Budhkar Marg, Worli,

Mumbai - 400 025, India

Telephone No. 022 6226 0050/54

Fax No. 022 43253000

E-mail: debenturetrustee@axistrustee.com

### Ratings

During the financial year 2020-21, the rating agency, CRISIL has maintained rating of "AA/Stable" for the Debentures issued by the Company. The instruments with this rating are considered to have high degree of safety regarding timely servicing of financial obligation. Such instruments carry very low credit risk. Further, CRISIL and India Research have maintained a rating of "A1+" for the Commercial Papers issued by the Company.

### Transfer to reserves

The Company has not transferred any amount to reserves for the financial year ended March 31, 2021.

### Dividend

On account of losses during the year, your Directors do not recommend any dividend for financial year 2019-20.

### 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.

## 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 January 14, 2021, had appointed Ravinder Arora as an Independent Director subject to the approval of shareholders in the forthcoming Annual General Meeting of the Company and at its meeting held on February 1, 2021, had appointed Sanjeev Kumar as an additional director of the Company. In terms of Section 152 of the Companies Act, 2013, Ravinder Arora and Sanjeev Kumar are required to be appointed in the forthcoming AGM. The Board of Directors recommends their appointment as director of the Company under Section 160 of the Companies Act, 2013.

Brief resume, nature of expertise, details of directorships held in other companies by the Ravinder Arora, Non-Executive Director and Sanjeev Kumar, Non-Executive Director along with shareholding in the Company, and other required details as stipulated under Secretarial Standard 2, is appended as an Annexure to the Notice of the ensuing AGM.

During the financial year, Sunil Kumar Goyal and Rajiv Gupta, had resigned from the position of Director w.e.f. March 24, 2021 and January 28, 2021 respectively. The directors, on behalf of the Company placed on record their appreciation for help, guidance and contribution made by them during their tenure as directors of the Company.

### Directors retiring by rotation

In terms of Section 152 of the Companies Act, 2013, Narendra Jain, Director being longest in the office shall retire at the ensuing AGM and being eligible, offers himself 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, Swati Batra resigned from the position of Company Secretary of the Company, w.e.f. December 31, 2020 and Bernadette Dominic was appointed as the Company Secretary and Compliance Officer of the Company in her place w.e.f. January 14, 2021.

On April 23, 2021, Bernadette Dominic resigned as Company Secretary and Compliance Officer and Swati Batra was re-appointed w.e.f. May 14, 2021 as Company Secretary of the Company.

## Board Meetings

Number of Board Meetings held during the financial year 2020-21:

During the financial year 2020-21, the Board of Directors met 5 (five) times i.e. on May 14, 2020, July 27, 2020, October 26, 2020, January 14, 2021 and February 1, 2021. The period between any two consecutive meetings of the Board of Directors of the Company was not more than 120 days.

The composition and the attendance of the members of the Board at the meetings held during FY 2020-21, are given below:

Name of Director	Director Identification Number (DIN)	Category	No. of Board Meetings attended (total held)
Devendra Khanna, Chairman	01996768	Director	5(5)
Sunil Kumar Goyal <sup>1</sup>	02312181	Independent Director	5(5)
Pankaj Tewari	08006533	Director	4(5)
Narendra Jain	06942419	Director	5(5)
Badal Bagri	00367278	Director	3(5)

Neha Sharma	02647445	Director	4(5)
Rajiv Kumar Chaudhri	00042503	Independent Director	5(5)
Rajiv Gupta <sup>2</sup>	06993918	Director	4(4)
Ravinder Arora <sup>3</sup>	00050336	Independent Director	1(1)
Sanjeev Kumar <sup>4</sup>	07566882	Additional Director	NIL

1. Sunil Kumar Goyal resigned as an Independent Director w.e.f. March 24, 2021.
2. Rajiv Gupta resigned as Director w.e.f. January 28, 2021.
3. Ravinder Arora was appointed as an Independent Director w.e.f. January 14, 2021.
4. Sanjeev Kumar was appointed as an Additional Director w.e.f. February 1, 2021.

#### Committees of the Board:

##### Audit Committee

The composition and the attendance of the members of the Committee at the meetings held during FY 2020-21, are given below:

Name of Director	Category	No. of Committee Meetings attended (total held)
Devendra Khanna	Director- Chairman	0(4)
Sunil Kumar Goyal <sup>1</sup>	Independent Director	4(4)
Ravinder Arora <sup>2</sup>	Independent Director	0(0)
Rajiv Kumar Chaudhri	Independent Director	4(4)

- 1 Sunil Kumar Goyal resigned as an Independent Director w.e.f. March 24, 2021.
- 2 Ravinder Arora was appointed as the member of the committee w.e.f. March 31, 2021.

During the financial year 2020-21, members of the Audit Committee met 4 (four) times i.e. on May 14, 2020, July 27, 2020, October 26, 2020 and February 1, 2021.

##### Committee of Directors

The Composition and the attendance of the members of the Committee at the meetings held during FY 2020-21, are given below:

Name of Director	Category	No. of Committee Meetings attended (total held)
Badal Bagri	Director	2(4)
Neha Sharma	Director- Chairman	4(4)
Pankaj Tewari	Director	4(4)

During the financial year 2020-21, members of the Committee of Directors met 4 (Four) times i.e. May 14, 2020, July 27, 2020, January 21, 2021 and March 1, 2021.

##### Nomination and Remuneration Committee

The Composition and the attendance of the members of the Committee at the meetings held during FY 2020-21, are given below:

Name of Director	Category	No. of Committee Meetings attended (total held)
Sunil Kumar Goyal <sup>1</sup>	Independent Director	3(3)
Rajiv Kumar Chaudhri	Independent Director-Chairman	3(3)
Badal Bagri	Director	1(3)
Ravinder Arora <sup>2</sup>	Independent Director	0(0)

1. Sunil Kumar Goyal resigned as an Independent Director w.e.f. March 24, 2021.
2. Ravinder Arora was appointed as the member of the committee w.e.f. March 31, 2021.

During the financial year 2020-21, members of the Committee met 3 (three) times i.e. May 14, 2020, January 14, 2021 and February 1, 2021.

## Corporate Social Responsibility (CSR) Committee

The Composition and the attendance of the members of the Committee at the meeting held during FY 2020-21, is given below:

Name of Director	Category	No. of Committee Meetings attended (total held)
Devendra Khanna	Director	0(1)
Sunil Kumar Goyal	Independent Director	1(1)
Neha Sharma	Director - Chairman	1(1)

During the financial year 2020-21, members of the Corporate Social Responsibility Committee met only once i.e. on May 14, 2020.

## 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 the CSR Policy.

During the financial year 2020-21, owing to the heavy losses incurred by the Company in the previous financial year(s), the Company did not meet the criteria in terms of the provisions of the Companies Act 2013 and CSR policy, to contribute/spend towards CSR activities. 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.

All directors participated in the evaluation process. The result of evaluation was discussed in the respective committee meetings. Recommendations arising from the evaluation process were 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 2020-21.

## Annual Return

The Annual Return of the Company as on March 31, 2021 in Form MGT - 7 in accordance with Section 92(3) of the Act read with the Companies (Management and Administration) Rules, 2014, is available on the website of the Company at <https://www.bhartihexacom.in/investorRelation.html>.

## 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 LLP vide registration no. 117366WW-100018, 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. The auditors have not reported any fraud u/s 143(12) of the Act. 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 has approved the appointment of Sanjay Gupta & Associates, Cost Accountants, as Cost Auditors, for the financial year ending March 31, 2021. The Cost Auditors will submit their report for FY 2020-21 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 approval by shareholders at the ensuing AGM. Cost Audit report for the FY 2019-20 does not contain any qualification, reservation, disclaimer or adverse remark.

## Cost records

Maintenance of cost records has been specified by the Central Government under section 148(1) of the Companies Act, 2013 and the prescribed cost records have been made and maintained by the Company.

## Secretarial Auditors

The Company had appointed Chandrasekaran Associates, Company Secretaries, to conduct its Secretarial Audit for the financial year ended March 31, 2021. The Secretarial Auditors have submitted their report, confirming compliance by the Company of all the provisions of applicable corporate laws except for delays in filing of certain submissions inadvertently.

The Board has duly examined the Auditor's report, which is self-explanatory. The Secretarial Audit Report is annexed as **Annexure – C** to this report.

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

No loans, guarantees or investments were made during the financial year 2020-21 which attracts the provisions of section 186 of the Companies Act, 2013.

## Related Party Transactions

All arrangements/ transactions entered into by the Company with its related parties during the year were in the ordinary course of business and on an arm's length basis. 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 the prescribed form AOC-2 which is annexed as **Annexure - D** to this report.

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

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 as may be applicable, has been annexed as **Annexure – E** 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 and material orders passed by the regulators or courts or tribunals impacting the going concern status and Company's operations in future other than the order/judgment of Hon'ble Supreme Court of India dated July 20, 2020 & September 01, 2020 in AGR Matter, whereby the dues were affirmed and direction was given for the payment of dues.

As on March 31, 2021, a provision of Rs 13,683 million stands against AGR dues. Additionally, INR 8,970 Mn already paid by the Company post AGR Judgment.

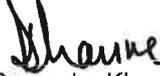
### Acknowledgements

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.

Date: May 14, 2021  
Place: New Delhi



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

  
Devendra Khanna  
Chairman  
DIN: 01996768  
Address: S333, 1st floor,  
Panchsheel Park, New Delhi.

ANNEXURE – A

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

**1. Brief outline of the Company's CSR Policy of the Company**

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, 2021:**

S.No	Name of Director	Designation / Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1.	Neha Sharma	Chariperson, Director	1	1
2.	Devendra Khanna	Member, Director	1	0
3.	Rajiv Kumar Chaudhri	Member, Independent Director	1	1

**3. Provide the web-link where Composition of CSR committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the company.**

Composition of Committee: <https://www.bhartihexacom.in/managementTeam.html>

CSR Policy: <https://www.bhartihexacom.in/policies.html>

CSR Projects: N.A

**4. Provide the details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, if applicable (attach the report).**

Not Applicable

**5. Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any**

Not Applicable

**6. Average net profit of the Company as per Section 135(5)**

Financial year	Net Profit after adjustments (Rs in Millions)
2019-20	(13,926)
2018-19	(9,228)
2017-18	(1,427)
<b>Average Net profit</b>	<b>(8,194)</b>

**7. (a) Two percent of average net profit of the company as per section 135(5)**

The average net profits of the Company for the last three financial years was negative.

**(b) Surplus arising out of the CSR projects or programmes or activities of the previous financial years.**

Nil

**(c) Amount required to be set off for the financial year, if any**

Not Applicable

**(d) Total CSR obligation for the financial year (7a+7b-7c)**

The average net profits of the Company for the last three financial years was negative and hence the Company was not required to contributed towards CSR activities under Companies Act 2013.

**8. (a) CSR amount spent or unspent for the financial year:**

The Company was not required to contributed towards CSR activities under Companies Act 2013.

**(b) Details of CSR amount spent against ongoing projects for the financial year:**

Not Applicable

**(c) Details of CSR amount spent against other than ongoing projects for the financial year:**

Not Applicable

**(d) Amount spent in Administrative Overheads**

Not Applicable

**(e) Amount spent on Impact Assessment, if applicable**

Not Applicable

**(f) Total amount spent for the Financial Year (8b+8c+8d+8e)**

Not Applicable

**(g) Excess amount for set off, if any**

Not Applicable

**9. (a) Details of Unspent CSR amount for the preceding three financial years:**

Not Applicable

**(b) Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s):**

Not Applicable

**10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year**

Not Applicable

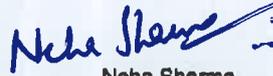
11. Specify the reason(s), if the Company has failed to spend the two percent of the average net profit as per section 135(5).

During the financial year 2020-21, owing to the heavy losses incurred by the Company in the previous financial year(s) and negative average net profit of the last three financial years, the Company did not meet the criteria in terms of the provisions of the Companies Act 2013 and CSR policy, to contribute/spend towards CSR activities.

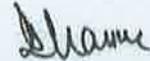
For and on behalf of the Board  
For Bharti Hexacom Limited



Nidhi Lauria  
Chief Executive Officer  
Bharti Crescent, 1, Nelson  
Mandela Road, Vasant Kunj,  
New Delhi



Neha Sharma  
Chairman-CSR Committee  
DIN: 01996768  
Address: 5/13 Rohan Singh  
Bhandari near Central Bank of  
India, Regional office, 1 shans  
Indore 452003



Devendra Khanna  
Chairman  
DIN: 01996768  
Address: S333, 1st floor,  
Panchsheel Park, New Delhi

Date: May 14, 2021  
Place: 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.

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**

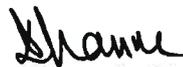
The Directors of the Company and Company Secretary are jointly authorized to amend the Policy to give effect to any changes / amendments notified by Ministry of Corporate Affairs w.r.t. any matter covered by this policy. The amended policy shall be placed before the Board for noting and ratification.

-----XXXXXX-----

Date: May 14, 2021  
Place: New Delhi

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



  
Devendra Khanna  
Chairman  
DIN: 01996768  
Address: S333, First Floor,  
Panchsheel Park, New Delhi

**SECRETARIAL AUDIT REPORT**  
FOR THE FINANCIAL YEAR ENDED MARCH 31, 2021

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, 2021 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, 2021("Period under review") 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 during the period under review.
- (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'):
  - a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011; Not applicable during the period under review.
  - b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992; Not applicable during the period under review.
  - c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018; Not applicable during the period under review.

Signature valid

Digitally signed by CHANDRASEKARAN SETHURAMAN  
Date: 2021.05.13 11:42:39 IST  
Reason: DIGITALLY SIGNED  
Location: NEW DELHI

- d) The Securities and Exchange Board of India (Share Based employee Benefits) Regulations, 2014; Not applicable during the period under review.
  - 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; Not applicable during the period under review.
  - h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018;Not applicable during the period under review.
- (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;

During the period under review the Company has generally complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above except delay in certain submissions with the Registrar of Companies/ National stock exchange of India.

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 atleast seven days in advance except in cases where meetings were convened at a shorter notice for which necessary approvals obtained as per applicable provisions. 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.

Signature valid

Digitally signed by CHANDRASEKARAN SETHURAMAN  
Date: 2021.05.13 11:47:39 IST  
Reason: DIGITALLY SIGNED  
Location: NEW DELHI



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 event have happened which is deemed to have major bearing on the company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc.

- a. The members of the company have increased the overall borrowing limit of the Company from INR 6,500 Crores to INR 7,500 Crores.
- b. Pursuant to approval of shareholder, board has approved the issuance and allotment of 15,000 Rated, Listed, Unsecured, Redeemable Non-Convertible Debentures having face value of INR 10,00,000 per Debenture at coupon rate 6% P.A. annually for an amount of INR 1,500 Crores on Private Placement basis.
- c. Company had redeemed commercial papers amounting to Rs 23650 million during the period under review.

For Chandrasekaran Associates  
Company Secretaries

CHANDRASEKARAN  
SETHURAMAN

Digitally signed by CHANDRASEKARAN  
SETHURAMAN  
Date: 2021.05.13 11:51:53 +05'30'

Dr. S. Chandrasekaran  
Senior Partner  
Membership No. FCS No.: 1644  
Certificate of Practice No: 715  
UDIN: F001644C000290451

Date: May 13, 2021  
Place: Delhi

**Notes:**

- i. 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.
- ii. Due to restricted movement amid COVID-19 pandemic, we conducted the secretarial audit by examining the Secretarial Records including Minutes, Documents, Registers and other records etc., and some of them received by way of electronic mode from the Company and could not be verified from the original records. The management has confirmed that the records submitted to us are the true and correct. This Report is limited to the Statutory Compliances on laws / regulations / guidelines listed in our report of which, the due date has been ended/expired on or before March 31, 2021 pertaining to Financial Year 2020-21.

**Signature valid**

Digitally signed by CHANDRASEKARAN SETHURAMAN  
Date: 2021.05.13 11:47:39 IST  
Reason: DIGITALLY SIGNED  
Location: NEW DELHI

## Annexure-A to the Secretarial Audit 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 its 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

CHANDRASEKARAN  
SETHURAMAN

Digitally signed by  
CHANDRASEKARAN SETHURAMAN  
Date: 2021.05.13 11:52:53 +05'30'

Dr. S. Chandrasekaran  
Senior Partner  
Membership No. FCS No.: 1644  
Certificate of Practice No: 715  
UDIN: F001644C000290451

Date: May 13, 2021  
Place: Delhi

**Signature valid**

Digitally signed by CHANDRASEKARAN SETHURAMAN  
Date: 2021.05.13 11:42:39 IST  
Reason: DIGITALLY SIGNED  
Location: NEW DELHI

ANNEXURE D

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, 2021 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, 2021 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	6,492	N.A.	Nil
Receiving of services	Ongoing	On arm's length basis and in ordinary course of business	15,740	N.A.	Nil

\*Since the term 'Material' has not been defined under Companies Act, 2013, therefore, for the purpose of this disclosure 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

Date: May 14, 2021  
Place: New Delhi



*Devendra Khanna*  
Devendra Khanna  
Chairman  
DIN: 01996768  
Address: S333, First Floor,  
Panchsheel Park, New Delhi.

## ANNEXURE - E

### **INFORMATION RELATED TO CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, RESEARCH AND DEVELOPMENT AND FOREIGN EXCHANGE EARNING AND OUTGO FORMING PART OF DIRECTORS' REPORT IN TERMS OF SECTION 134(3)(m) OF THE COMPANIES ACT, 2013 READ WITH RULE (8)(3) OF THE COMPANIES (ACCOUNTS) RULES, 2014**

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#### **Conservation of Energy and Technology Absorption**

Bharti Hexacom is fully committed toward reducing carbon footprint and conserving energy at our sites. The Company has been evaluating various practice and innovation across industry to ensure the optimal use of energy, avoid wastage and conserve energy. The following are the list of practices and their status updated which have been implemented to conserve energy in financial year 2020:

#### **Rajasthan Circle**

In order to continue the focus on energy conservation and reduction of Diesel footprint the Company has implemented following projects in financial year 2021:

##### **Conservation of Energy: FY 2021**

- 1) Diesel Reduction in urban areas and also increased in EB availability by 3 phase to single phase conversion. Saved 45 K Liters diesel.
- 2) Conservation of Energy vide
  - a) DC Aircon Implementation (Energy Efficient) 57 sites
  - b) NCU and MCU Implementation 17 sites
  - c) Conversion of sites into Green (Diesel Consumption<30 Ltr) 98 sites
  - d) DG removal from sites 12 sites
- 3) EB Supply conversion from
  - a) 3phase to 1phase – 28 sites
  - b) NON EB to EB – 11 sites

##### **Technological Absorption: FY 2021**

- 1) Implemented power saving feature on L2100 for 10,835 sites.
- 2) Swapping of traditional high consumption BTS at 90 sites with Low power consumption SRAN BTS in our Network.

#### **North East Circle**

Bharti Hexacom NE is fully committed toward reducing carbon footprint and conserving energy at our sites. We have been evaluating various practice and innovation across Industry to ensure the optimal use of energy, avoid wastage and conserve energy.

Following are the list of practices and their status updated which we have implemented to conserve energy in FY'21:

##### **Conservation of Energy:**

- 1) Diesel Reduction by governance and operational efficiency - 3,26,551 Litres.
- 2) Conversion of Non EB sites to EB sites - 359 Sites.
- 3) Deployed new sites with EB during the year - 198 Sites.

##### **Technology Absorption:**

- 1) Installation of Solar Power solutions on DG based sites - 9 Sites.
- 2) Deployed Power Saving Feature 2.0 (PSF 2.0) to reduce energy consumption during non-peak hours on sites - 312 sites.

## Foreign Exchange Earnings and Outgo

(In Millions)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Foreign Exchange Earnings	59	113.67
Foreign Exchange Outgo	354.85	976.84

Date: May 14, 2021  
Place: New Delhi

For and on behalf of the Board  
Bharti Hexacom Limited



  
Devendra Khanna  
Chairman  
DIN: 01996768  
Address: S333, First Floor,  
Panchsheel Park, New Delhi

**Bharti Hexacom Limited**  
**Ind AS Financial Statements**  
**March 2021**

**Bharti Hexacom Limited**

**Ind AS Financial Statements – March 2021**

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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, 2021, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flow ended on that date, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the financial statements").

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

#### **Basis for Opinion**

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

#### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

<b>S.no</b>	<b>Key Audit Matter</b>	<b>Auditor's Response</b>
1	<p><b>Revenue from operations</b></p> <p>We considered accuracy of revenues relating to Mobile services segment as a key audit matter because of the complexity of the IT systems, significance of volumes of data processed by the IT systems and the impact of changing pricing models (tariff structures, incentive arrangements and discounts, etc.).</p> <p>Refer note 2.17 "Revenue recognition" for accounting policies, note 3.2.a 'Revenue recognition and presentation' under the head 'Critical judgements in applying the Company's accounting policies' and note 21 on disclosures related to Revenue from operations in the financial statements.</p>	<p><b>Principal Audit Procedures</b></p> <p>We obtained an understanding, evaluated the design and tested the operating effectiveness of (i) the general IT controls, automated controls, control over plan configuration and system generated reports relevant for revenue recognition by involving our IT specialist and (ii) controls over recording of revenue relating to Mobile Services.</p> <p>We tested inter se reconciliations between relevant IT systems (such as billing system, prepaid application systems, active customer database) and with general ledger, and performed verification of revenue recognised, deferred and unbilled revenue.</p> <p>We made test calls to determine the accuracy of revenue recorded and tested the rating validation.</p> <p>We verified the appropriateness of the accounting policies and the disclosures related to Revenue from operations in notes 2.17, 3.2.a and 21 respectively in the financial statements.</p>
2	<p><b>Assessment of recoverability relating to Deferred tax assets ('DTA') recognized on carry forward losses</b></p> <p>The DTA balance as at March 31, 2021 is Rs.11,166 million which to mainly relates to carry forward losses.</p> <p>The Company exercises significant judgement in assessing the recoverability of DTA relating to carry forward losses. In estimating the recoverability of DTA, management uses inputs such as internal business and tax projections over a 10 year period.</p> <p>Recoverability of DTA on carry forward losses is considered as key matter as it</p>	<p><b>Principal Audit Procedures</b></p> <p>We obtained an understanding, evaluated the design and tested effectiveness of controls over the Company's process for determining the recoverability of the DTA relating to carry forward losses which included amongst others controls over the assumptions and judgments used in the projections of future taxable income.</p> <p>We evaluated reasonableness of management's assumptions related to revenue growth rates, EBITDA margins and capital expenditure by considering (i) the current and past performance, (ii) the consistency with external</p>

	<p>sensitive to the assumptions used by management in projecting the future taxable income, the reversal of deferred tax liabilities which can be scheduled, and tax planning strategies.</p> <p>Refer note 2.11 "Taxes" for accounting policies, note 3.1.b 'Taxes' under the head "Key sources of estimation uncertainties", and note 9 "Income taxes" for disclosures related to taxes in the financial statements.</p>	<p>sources of information, where available.</p> <p>To assess the Company's ability to estimate future taxable income, we compared the Company's previous forecasts to actual results to determine its reasonableness. We involved our tax professionals in evaluating tax planning strategies, opinion obtained by the Company from its tax advisors and interpretation of tax laws used by the Company in the tax projections used for supporting the recoverability of DTA.</p>
3	<p><b>Provisions and contingencies relating to relating to regulatory and tax matters:</b></p> <p>The Company has recognised provisions for probable outflows relating to legal, tax and regulatory matters and have disclosed contingencies for legal, tax and regulatory matters where the obligations are considered possible.</p> <p>The Company in consultation with the legal, tax and other advisers assess a likelihood that a pending matter relating to tax, legal or regulatory will succeed. In performing this assessment, the Company applies judgement and has recognised liabilities based on whether additional amounts will be payable and has disclosed contingent liabilities where economic outflows are considered possible.</p> <p>We have considered the provisions recorded and the contingencies relating to tax, legal and regulatory matters as key audit matter as there is significant judgement to determine the possible outcome of matters under dispute and determining the amounts involved, which may vary depending on the outcome of the matters.</p> <p>Refer Note 2.16 "Contingencies" for</p>	<p><b>Principal Audit Procedures</b></p> <p>We obtained an understanding, evaluated the design and tested the effectiveness of internal controls relating to:</p> <p>(1) identification, evaluation, recognition of provisions, disclosure of contingencies for matters under review or appeal with relevant adjudicating authorities by considering the assumptions and information used by management in performing this assessment; (2) completeness and accuracy of the underlying data/information used in the assessment.</p> <p>For tax matters, with the help of our tax specialist, we evaluated the reasonableness of the management's positions by considering tax regulations and past decisions from tax authorities, new information and opinions obtained by the Company from its external tax advisors, where applicable.</p> <p>For regulatory matters, we evaluated the reasonableness of the management's positions by considering relevant assessment orders, court judgements, statutes, interpretations and amendments, circulars and external legal opinion obtained by the Company, where applicable.</p>

	<p>accounting policies, 3.1.d 'Contingent liabilities and provisions' under the head "Key sources of estimation uncertainties", Note 17 "Provisions" for disclosure related to provisions for subjudice matters, and Note 20(i) in respect of details of Contingent liabilities in the financial statements.</p>	<p>We also evaluated the disclosures provided in the notes to the standalone financial statements concerning these matters.</p>
--	--	---

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

The Company's Board of Directors is responsible for the other information. The other information comprises 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; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

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

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

1. As required by Section 143(3) of the Act, based on our audit we report that:

- a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- c. The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, Statement of Changes in Equity and the Statement of Cash Flows dealt with by this Report are in agreement with the relevant books of account
- d. In our opinion, the aforesaid financial statements comply with the Ind AS specified under Section 133 of the Act.
- e. On the basis of the written representations received from the directors as on March 31, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2021 from being appointed as a director in terms of Section 164(2) of the Act.
- f. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
- g. With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:

In our opinion and to the best of our information and according to the explanations given to us, the Company has not made any payments towards managerial

remuneration to its directors during the year and hence requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act are not applicable.

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

**For Deloitte Haskins & Sells LLP**  
Chartered Accountants  
(Firm's Registration No. 117366W/W-100018)



**Nilesh H. Lahoti**  
(Partner)  
(Membership No. 130054)  
UDIN: 21130054AAAACD9159

Place: Gurugram  
Date: May 14, 2021

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

**(Referred to in paragraph 1 (f) under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of 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, 2021 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

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

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

**Auditor's Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting of the Company 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 in terms of their reports referred to in the Other Matters paragraph below, 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, 2021, 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)  
UDIN: 21130054AAAACD9159

Place: Gurugram  
Date: May 14, 2021

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

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

- i. In respect of Company's 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, except for customer premises equipment and certain assets which due to their nature or location are not verifiable, 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 and the records examined by us and based on the examination of the registered sale deed / transfer deed / conveyance deed provided to us, we report that, 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.
- ii. The Company does not have any inventory and hence reporting under clause 3 (ii) of the order is not applicable to the Company.
- iii. 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, 2021 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, 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:
- a. The Company is regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income-tax, Goods and Services taxes, Customs Duty, cess and other material statutory dues applicable to it to the appropriate authorities.
  - b. There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Goods and Services Tax, Customs Duty, cess and other material statutory dues in arrears as at March 31, 2021 for a period of more than six months from the date they became payable.
  - c. Details of dues of Income-tax, Service Tax and Customs Duty which have not been deposited as on March 31, 2021 on account of disputes are given below

<b>Name of the Statutes</b>	<b>Nature of the Dues</b>	<b>Amount disputed (in Rs Mn)</b>	<b>Period to Which Case Pertains</b>	<b>Forum where the dispute is pending</b>
Income Tax Act, 1961	Income Tax	531	2002-14	Supreme Court
Income Tax Act, 1961	Income Tax	136	2003-04, 2005-13	High Court
Income Tax Act, 1961	Income Tax	9	2009-15	Income Tax Appellate Tribunal
Income Tax Act, 1961	Income Tax	2,532	2015-16	Commissioner of Income Tax
Finance Act, 1994 (Service tax provisions)	Service Tax	21	2006-08	High Court
Finance Act, 1994 (Service tax provisions)	Service Tax	591	2004-13	Tribunal
Finance Act, 1994 (Service tax provisions)	Service Tax	4	2007-08	Commissioner Appeal

Custom Act, 1962	Custom Act	182	2001-05	Supreme Court
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- viii. In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to financial institutions, banks and government and dues to debenture holders.
- ix. In our opinion and according to the information and explanations given to us, the Company has not raised any money by way of further public offer. The money raised by way of term loans have been applied by the Company during the year for the purposes for which they were raised, other than temporary deployment pending application of proceeds.
- x. To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the year.
- xi. In our opinion and according to the information and explanations given to us, the Company has not made any payments towards managerial remuneration to its directors during the year and hence requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013 are not applicable.
- xii. The Company is not a Nidhi Company and hence reporting under clause 3 (xii) of the CARO 2016 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 issued 15,000 listed, unsecured, rated, redeemable, non-convertible debentures of face value Rs. 10 lakhs each at coupon rate of 6% per annum payable annually, at par aggregating to Rs 15,000 Mn on private placement basis. In our opinion and according to the information and explanations given to us the Company has complied with the requirements of section 42 and of the Companies Act, 2013 and the funds raised have been used for the purposes for which the funds were raised.
- 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, subsidiary or associate 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-I of the Reserve Bank of India Act, 1934.

**For Deloitte Haskins & Sells LLP**  
Chartered Accountants  
(Firm's Registration No. 117366W/W-100018)



**Nilesh H. Lahoti**  
(Partner)  
(Membership No. 130054)  
UDIN: 21130054AAAACD9159

Place: Gurugram  
Date: May 14, 2021

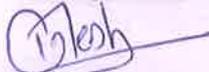
## **Ind AS Financial Statements**

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

Assets		As of	
		March 31, 2021	March 31, 2020
<b>Non-current assets</b>			
Property, plant and equipment	5	29,094	32,245
Capital work-in-progress	5	707	1,104
Right-of-use assets	32	14,761	13,858
Intangible assets	6	49,222	52,635
<b>Financial assets</b>			
- Investments	7	0	0
- Security deposits		350	335
- Others	8	3,974	1,930
Income tax assets (net)		2,646	2,613
Deferred tax assets (net)	9	11,186	11,614
Other non-current assets	10	7,660	7,613
		129,840	123,947
<b>Current assets</b>			
<b>Financial assets</b>			
- Investments	7	-	6,294
- Trade receivables	11	1,429	2,283
- Cash and cash equivalents	12	277	2,779
- Other bank balances	13	315	288
- Others	6	7,988	8,067
Other current assets	10	10,186	10,729
		20,195	20,400
<b>Total assets</b>		150,035	144,347
<b>Equity and liabilities</b>			
<b>Equity</b>			
Equity share capital	14	2,500	2,500
Other equity	14	17,160	27,700
		19,660	30,200
<b>Non-current liabilities</b>			
<b>Financial liabilities</b>			
- Borrowings	15	36,926	10,448
- Lease liabilities		13,119	12,717
- Others	16	3	704
Deferred revenue	21	5,030	1,857
Provisions	17	210	237
		55,288	25,961
<b>Current liabilities</b>			
<b>Financial liabilities</b>			
- Borrowings	15	22,513	29,963
- Current maturities of long-term borrowings	15	313	1,500
- Lease liabilities		4,844	4,131
- Trade payables	19	-	-
- total outstanding dues of micro enterprise and small enterprise		31	11
- total outstanding dues of creditors other than micro enterprise and small enterprise		22,209	16,365
- Others	16	10,034	8,901
Deferred revenue	21	3,580	2,640
Provisions	17	9,583	20,344
Current tax liabilities (net)		692	692
Other current liabilities	18	1,048	1,570
		74,887	98,186
<b>Total liabilities</b>		130,175	124,147
<b>Total equity and liabilities</b>		150,035	144,347

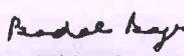
The accompanying notes 1 to 35 form an integral part of these financial statements.

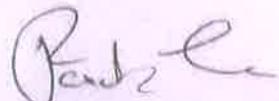
As per our report of even date  
 For Deloitte Haskins & Sells LLP  
 Chartered Accountants  
 (Firm's Registration No: 117366W / W-100018)

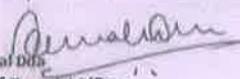
  
 Nilesh H. Lahoti  
 Partner  
 Membership No: 130054

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

  
 Mihir Luria  
 Chief Executive Officer

  
 Badal Bagri  
 Director  
 DIN: 00367278

  
 Pankaj Tewari  
 Director  
 DIN: 08066533

  
 Kamal Datta  
 Chief Financial Officer

  
 Swati Batra  
 Company Secretary

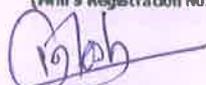
Place: Gurugram  
 Date: May 14, 2021

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

		For the year ended	
		March 31, 2021	March 31, 2020
<b>Income</b>			
Revenue from operations	21	46,023	30,741
Other income		1,020	296
		<u>47,043</u>	<u>39,637</u>
<b>Expenses</b>			
Network operating expenses	22	14,279	12,637
Access charges		13,454	15,190
License fee / Spectrum charges		4,379	3,104
Employee benefits expense	23	763	615
Sales and marketing expenses	24	1,410	1,219
Other expenses	25	1,214	990
		<u>35,499</u>	<u>33,755</u>
Profit before depreciation, amortisation, finance costs, exceptional items and tax		<u>11,544</u>	<u>5,882</u>
Depreciation and amortisation expenses	26	13,652	12,407
Finance costs	27	5,166	5,250
Loss before exceptional items and tax		<u>(6,474)</u>	<u>(12,475)</u>
Exceptional items	28	3,417	21,673
Loss before tax		<u>(9,891)</u>	<u>(34,346)</u>
Tax expense / (credit)			
Current tax	9	-	-
Deferred tax	9	448	(7,183)
Total tax expense / (credit)		<u>448</u>	<u>(7,183)</u>
Loss for the year		<u>(10,339)</u>	<u>(27,163)</u>
Other comprehensive income:			
Items not to be reclassified to profit or loss:			
Re-measurement loss on defined benefit plans		(1)	(3)
Tax credit		0	1
Other comprehensive loss for the year		<u>(1)</u>	<u>(2)</u>
Total comprehensive loss for the year		<u>(10,340)</u>	<u>(27,167)</u>
Loss per share (Face value : Rs. 10/- each)			
Basic and diluted loss per share	29	<u>(41.36)</u>	<u>(108.66)</u>

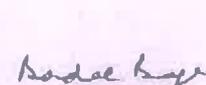
The accompanying notes 1 to 35 form an integral part of these financial statements.

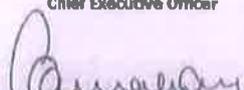
As per our report of even date  
 For Deloitte Haskins & Sells LLP  
 Chartered Accountants  
 (Firm's Registration No: 117366W / W-100018)

  
 Nishant H. Lahoti  
 Partner  
 Membership No: 130054

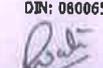
For and on behalf of the Board of Directors of Bharti Hexacom Limited

  
 Nidhi Luria  
 Chief Executive Officer

  
 Badal Bagri  
 Director  
 DIN: 00367278

  
 Kamal Dua  
 Chief Financial Officer

  
 Pankaj Tewari  
 Director  
 DIN: 08006533

  
 Swati Batra  
 Company Secretary

Place: Gurugram  
 Date: May 14, 2021

**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	Total equity
	No. of shares (in '000)	Amount	Securities premium	Retained earnings	General reserve	Capital reserve	Capital redemption reserve		
As of April 1, 2019	250,000	2,500	1,040	52,054	900	-	-	53,994	56,494
<b>Loss for the year</b>	-	-	-	(27,185)	-	-	-	(27,185)	(27,185)
Other comprehensive loss	-	-	-	(2)	-	-	-	(2)	(2)
Total comprehensive loss	-	-	-	(27,187)	-	-	-	(27,187)	(27,187)
Business combination (refer note 4(v))	-	-	-	-	-	873	-	873	873
As of March 31, 2020	250,000	2,500	1,040	24,867	900	873	-	27,700	30,200
<b>Loss for the year</b>	-	-	-	(10,330)	-	-	-	(10,330)	(10,330)
Other comprehensive loss	-	-	-	(1)	-	-	-	(1)	(1)
Redemption of preference shares	-	-	-	(9)	-	-	0	(9)	(9)
Total comprehensive loss	-	-	-	(10,340)	-	-	0	(10,340)	(10,340)
As of March 31, 2021	250,000	2,500	1,040	14,527	900	873	0	17,340	19,868

The accompanying notes 1 to 35 form an integral part of these financial statements.

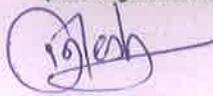
As per our report of even date

For Deloitte Haskins & Sells LLP

Chartered Accountants

(Firm's Registration No: 117366W / W-100010)

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



Nilesh H. Lahoti

Partner

Membership No: 130054



Nidhi Luria

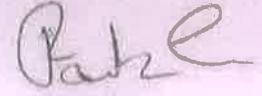
Chief Executive Officer



Badal Bagri

Director

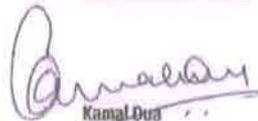
DIN: 00367278



Pankaj Tewari

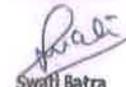
Director

DIN: 08006533



Kamal Dua

Chief Financial Officer



Swati Batra

Company Secretary

Place: Gurugram

Date: May 14, 2021

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

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

	For the year ended	
	March 31, 2021	March 31, 2020
<b>Cash flows from operating activities</b>		
Loss before tax	(9,891)	(34,348)
<b>Adjustments for:</b>		
Depreciation and amortisation expense	12,852	12,497
Finance costs	5,098	5,168
Interest income	(38)	(117)
Net gain on FVTPL Investments	(133)	-
Exceptional items (net)	3,417	21,873
Other non-cash items	210	(270)
<b>Operating cash flow before changes in working capital</b>	<b>11,515</b>	<b>4,803</b>
<b>Changes in working capital</b>		
Trade receivables	663	(1,038)
Trade payables	1,236	1,896
Provisions	(872)	(8,479)
Other financial and non-financial liabilities	3,794	2,491
Other financial and non-financial assets	(789)	(3,816)
<b>Net cash generated from / (used in) operations before tax</b>	<b>15,507</b>	<b>(3,941)</b>
Income tax paid - (net)	(335)	(218)
<b>Net cash generated from / (used in) operating activities (a)</b>	<b>15,172</b>	<b>(4,159)</b>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(14,569)	(4,678)
Proceeds from sale of property, plant and equipment	48	89
Purchase of intangible assets	(9)	(21)
Proceeds from sale/ (Purchase) of current investments (net)	6,485	(6,190)
Payment towards Spectrum (including deferred payment liability)*	(828)	-
Interest received	30	44
<b>Net cash used in investing activities (b)</b>	<b>(8,825)</b>	<b>(10,736)</b>
<b>Cash flows from financing activities</b>		
Proceeds from borrowings	85,335	49,449
Repayment of borrowings	(64,703)	(36,182)
(Repayment of) / proceeds from short-term borrowings (net)	(20,795)	9,790
Interest and other finance charges paid	(3,409)	(3,070)
Payment of lease liabilities	(2,470)	(1,395)
<b>Net cash (used in)/ generated from financing activities (c)</b>	<b>(6,042)</b>	<b>18,641</b>
<b>Net increase in cash and cash equivalents during the year (a+b+c)</b>	<b>305</b>	<b>4,727</b>
Add : Cash and cash equivalents as at the beginning of the year	(28)	(4,755)
<b>Cash and cash equivalents as at the end of the year (refer note 13)</b>	<b>277</b>	<b>(28)</b>

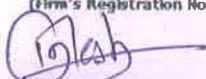
\*Cash flows towards spectrum acquisitions are based on timing of payouts to DoT (viz upfront/deferred-refer note 4(III))

The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in Ind AS 7 "Statement of Cash Flows".

"Refer Note 33(1)(v) for the disclosure pursuant to Ind AS 7 "Statement of Cash Flows" - Changes in liabilities arising from financing activities."

The accompanying notes 1 to 35 are Integral part of these financial statements.

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

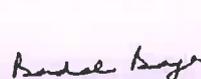


Nilesh H. Lahoti  
Partner  
Membership No: 130054

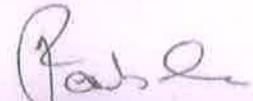
For and on behalf of the Board of Directors of Bharti Hexacom Limited



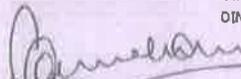
Nikhil Luria  
Chief Executive Officer



Badal Bagri  
Director  
DIN: 00367278



Pankaj Tewari  
Director  
DIN: 08006533



Anand Dasa  
Chief Financial Officer



Suniti Batra  
Company Secretary

Place: Gurugram  
Date: May 14, 2021

## **1. Corporate information**

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

The Company's principal shareholders are Bharti Airtel Limited and Telecommunications Consultants India Limited. BHL is 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 License ('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 have been prepared to comply in all material respects with the Indian Accounting Standards ('Ind AS') as notified by the Ministry of Corporate Affairs ('MCA') under section 133 of the Companies Act, 2013 ('Act'), read together with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time) and other relevant provisions of the Act.

The Company incurred a total comprehensive loss for the year ended March 31, 2021 of Rs. 10,340 (2019-20: Rs. 27,167) and as at that date, the current liabilities exceeded its current assets by Rs. 54,692 (2019-20: Rs. 67,786).

Management has undertaken various initiatives in the current year and during last year to improve the profitability including tariff increase on prepaid plans, launch of minimum subscription plans, reduction of pass through charges, reframing of Spectrum to 4G for efficient usage along with exploring sale of non-core assets. 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 (refer note 4(ii)).

In view of above, 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.

The financial statements are approved for issue by the Company's Board of Directors on May 14, 2021.

*ML*



**Bharti Hexacom Limited**  
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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 Act. 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 and/ or amendments during the year.

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

**New amendments adopted during the year**

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

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

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



### **Schedule III Division II**

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

#### **2.2 Basis of measurement**

The financial statements have been prepared on the accrual and going concern basis, and the historical cost convention except where the Ind AS requires a different accounting treatment. The principal variations from the historical cost convention relate to financial instruments classified as fair value through profit or loss (refer note 2.9).

#### **Fair value measurement**

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

The Company is required to classify the fair valuation method of the financial instruments / 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 Business combinations**

The Company accounts for business combinations using the acquisition method of accounting, and accordingly, the identifiable assets acquired and the liabilities assumed in the business are recorded at their acquisition date fair values (except certain assets and liabilities which are required to be measured as per the applicable standard). The consideration transferred for the acquisition of a business is aggregation of the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Company in exchange for control of the business.

The consideration transferred also includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Any contingent consideration transferred is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability is subsequently measured at fair value with changes in fair value recognised in statements of profit or loss. Contingent consideration that is classified as equity is not re-measured and its subsequent settlement is accounted for within equity.

Acquisition-related costs are expensed in the period in which the costs are incurred.

If the initial accounting for a business combination is incomplete as at the reporting date in which the combination occurs, the identifiable assets and liabilities acquired in a business combination are measured at their provisional fair values at the date of acquisition. Subsequently adjustments to the provisional values are made retrospectively within the measurement period, if new information is obtained about facts and circumstances that existed as of the acquisition date and, if known, would have affected the measurement of the amounts recognised as of that date or would have resulted in the recognition of those assets and liabilities as of that date; otherwise the adjustments are recorded in the period in which they occur.

A contingent liability recognised in a business combination is initially measured at its fair value. Subsequently, it is measured at the higher of the amount that would be recognised in accordance with Ind AS 37, 'Provisions, Contingent Liabilities and Contingent Assets', or amount initially recognised less, when appropriate, cumulative income recognised in accordance with Ind AS 115 "Revenue from Contracts with Customers".

#### **2.4 Foreign currency transactions**

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

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

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the closing exchange rate prevailing as at the reporting date with the resulting foreign exchange differences, on subsequent re-statement / settlement, recognised in the statement of profit and loss within finance costs. 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.

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

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

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

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

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

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

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

Cost of assets not ready for intended use, as on the balance sheet date, is shown as capital work in progress, advances given towards acquisition of PPE outstanding at each balance sheet date are disclosed under Other non- current assets.

The expenditures that are incurred after the item of PPE has been available 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



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future economic benefits associated with it will flow to the Company, it is included in the asset's carrying value or as a separate asset, as appropriate.

Depreciation on PPE is computed using the straight-line method over the estimated useful lives. The management basis its past experience and technical assessment has estimated the useful life, which is at variance with the life prescribed in Part C of Schedule II of the Companies Act, 2013 and has accordingly, depreciated the assets over such useful life. The Company has established the estimated range of useful lives for different categories of PPE as follows:

<b>Categories</b>	<b>Years</b>
Building	20
Building on leased land	Lease term or 20 years, whichever is less
Leasehold improvements	Lease term or 20 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.

## **2.7 Intangible assets**

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. 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.

**c. Other acquired intangible assets**

Other acquired intangible assets include the following:

**Non-compete 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 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 for prospectively, and accordingly the amortisation is calculated over the remaining revised useful life.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit or loss when the asset is derecognised.

**2.8 Impairment of non-financial assets**

**PPE and intangible assets**

PPE (including CWIP), Right-of-use assets ('ROU') 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.

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

### **Reversal of impairment losses**

Impairment losses are reversed in 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 previously.

## **2.9 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.

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 other income.

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

All financial assets that do not meet the criteria for amortised cost are measured at 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 other income separately from the other gains/ losses arising from changes in the fair value.

### **Impairment**

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

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

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

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

### **c. Derecognition**

The financial 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.



## **2.10 Leases**

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

### **Company as a lessee**

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

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

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

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

In the Balance Sheet, the right-of-use assets and lease liabilities are presented separately. In the statement of profit and loss, interest expense on lease liabilities are presented separately from the depreciation charge for the right-of-use asset. Interest expense on the lease liability is a component of finance costs, which are presented separately in the statement of profit or loss. In the statement of cash flows, cash payments for



the principal portion of lease payments and the interest portion of lease liability are presented as financing activities, and short-term lease payments and payments for leases of low-value assets and variable lease payments not included in the measurement of the lease liability, if any, as operating activities.

When a contract includes lease and non-lease components, the Company allocates the consideration in the contract on the basis of the relative stand-alone prices of each lease component and the aggregate stand-alone price of the non-lease components.

#### **Short-term leases and leases of low-value assets**

The Company has elected not to recognise right-of-use assets and lease liabilities for short term leases that have a lease term of twelve months or less and leases of low value assets. The Company recognises lease payments associated with these leases as an expense on a straight-line basis over the lease term.

#### **Company as a lessor**

Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

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

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight line basis over the lease term.

When a contract includes lease and non-lease components, the Company applies Ind AS 115 'Revenue from Contracts with Customers' to allocate the consideration under the contract to each component.

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

## **2.11 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 assets as income tax assets / under current liabilities as current tax liabilities.

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

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

### **b. Deferred tax**

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

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



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

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

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

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

### **2.12 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**

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

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

The employees of the Company are entitled to compensated absences as well as other long-term benefits. Compensated absences benefits 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 (if the impact of discounting is significant), using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to un-winding of interest over passage of time is recognised within finance costs.

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

ARO are recognised for those 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.

**2.16 Contingencies**

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

**2.17 Revenue recognition**

Revenue is recognised upon transfer of control of promised products or services to the customer at the consideration which the Company has received or expects to receive in exchange of those products or services, net of any taxes / duties, discounts and process waivers. When determining the consideration to which the Company is entitled for providing promised products or services via intermediaries, the Company assesses whether it is primarily responsible for fulfilling the performance obligation and whether it controls the promised service before transfer to customers. To the extent that the intermediary is considered a principal, the consideration to which the Company is entitled is determined to be that received from the intermediary.

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

**a. Service revenues**

Service revenues mainly pertain to usage, subscription and customer onboarding charges for voice, data, messaging and other 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.



Telecommunication services (comprising voice, data and SMS) are considered to represent a single performance obligation as all are provided over the Company's network and transmitted as data representing a digital signal on the network. The transmission consumes network bandwidth and therefore, irrespective of the nature of the communication, the customer ultimately receives access to the network and the right to consume network bandwidth.

The Company recognises revenue from these services as they are provided. Revenue is recognised based on actual units of telecommunication services provided during the reporting period as a proportion of the total units of telecommunication services to be provided. Subscription charges are recognised over the subscription pack validity period. Customer onboarding revenue 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.

Service revenues also includes revenue from interconnection / roaming charges for usage of the Company's network by other operators for voice, data, messaging and signaling services. These are recognised upon transfer of control of services over time.

Certain business services revenues include revenue from registration and installation, which are amortised over the period of agreement since the date of activation of service.

**b. Costs to obtain or fulfill a contract with a customer**

The Company incurs certain costs to obtain or fulfill contracts with customers viz. intermediary commission, etc. The Company estimated that the average customer life derived from customer churn rate is longer than 12 months and hence the Company deferred such costs. Such costs are thus recognized over the average expected customer life.

**c. Interest income**

The interest income is recognised using the EIR method. For further details, refer note 2.9.

**2.18 Government grants**

Grants from the government are recognised where there is a reasonable assurance that the grant will be received and the company will comply with all attached conditions.

Government grants relating to income are deferred and recognised in the profit or loss over the period necessary to match them with the costs that they are intended to compensate.



Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred income and are credited to profit or loss on a straight-line basis over the expected lives of the related assets.

### **2.19 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 in the period in which they are incurred.

### **2.20 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.

### **2.21 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.

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

The Company presents the Basic and Diluted EPS.

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

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



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

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

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

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

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

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

As described at note 2.6 above, the Company reviews the estimated useful lives of property, plant and equipment at the end of each reporting period. After considering market conditions, industry practice, technological developments and other factors, the Company determined that the current useful lives of its PPE remain appropriate. However, changes in economic conditions of the markets, competition and technology, among others, are unpredictable and they may significantly impact the useful lives of PPE and therefore the depreciation charges.

##### **b. Taxes**

Deferred tax assets are recognised for the unused tax losses 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 Liabilities**

The Company is involved in various legal, tax and regulatory matters, the outcome of which may not be favourable to the Company. Management in consultation with the legal, tax and other advisers assess the likelihood that a pending claim will succeed. The Company has applied its judgement and has recognised liabilities based on whether additional amounts will be payable and has included contingent liabilities where economic outflows are considered possible but not probable.

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

**a. Revenue recognition and presentation**

The Company assesses its revenue arrangements in order to determine if it is acting as a principal or as an agent by determining whether it has primary obligation basis pricing latitude and exposure to credit / inventory risks associated with the sale of goods / rendering of services.

In the said assessment, both the legal form and substance of the agreement are reviewed to determine each party's role in the transaction.

**b. Separating lease and non-lease components**

The consideration paid by the Company in telecommunication towers lease contracts include the use of land and passive infrastructure as well as maintenance, security, provision of energy services etc. Therefore in determining the allocation of consideration between lease and non-lease components, for the additional services that are not separately priced, the Company performs analysis of cost split to arrive at relative stand-alone prices of each of the components. The bifurcation of the consideration paid (excluding energy) between lease versus non-lease component across the Company has been accordingly considered at 60% as lease component on an overall basis.

**c. Determining the lease term**

Under Ind AS 116 if it is reasonably certain that a lease will be extended / will not be early terminated, the Company is required to estimate the expected lease period which may be different from the contractual tenure. The Company has various tower lease agreements with a right to extend / renew / terminate wherein it considers the nature of the contractual terms and economic factors to determine the lease term. After assessing such factors, the lease liability has been calculated using the remaining lease period until which significant exit penalties are payable

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

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

#### **4. Significant transactions / new developments**

- i. On October 24, 2019, the Hon'ble Supreme Court of India delivered a judgment in relation to a long outstanding industry-wide case upholding the view of the Department of Telecommunications ('DoT') in respect of the definition of Adjusted Gross Revenue ('AGR') ('Court Judgment').

Subsequent to the Court Judgment, DoT issued letters dated November 13, 2019 and February 3, 2020 to the Company to carry out own-assessment of the liability and afforded certain guidelines / clarifications to compute the amounts payable based on the Hon'ble Supreme Court Judgment. Accordingly, in February 2020, the Company based on its interpretation and assessment of the guidelines / clarifications, and the principles laid down in the Court Judgment, made payments aggregating Rs. 8,470 to the DoT, and an additional Rs. 500 as a deposit (subject to subsequent refund / adjustment) to cover differences resulting from re-verification / reconciliation by DoT.

On March 16, 2020, DoT filed an application with respect to giving reasonable time to the affected parties (a period of 20 years with 8% interest on unpaid amounts to duly protect the net present value) and to cease the currently applicable interest after a particular date. The Hon'ble Supreme Court, in a hearing on March 18, 2020, ordered that no exercise of self-assessment / re-assessment is to be done and the dues which were placed before the Court have to be paid including interest and penalty.

In the absence of any potential reliefs, the Company provided for Rs. 21,371 for the periods upto March 31, 2020 which was computed on the basis of demands received and the period for which demands have not been received having regard to assessments carried out in earlier years and the guidelines / clarifications in respect of License Fees and Spectrum Usage Charges ('AGR provision').

On July 20, 2020 the Hon'ble Supreme Court, after hearing all parties, observed that the amounts of AGR dues given by DoT in their modification application is to be treated as final ('DoT Demand') and there can be no scope of re-assessment or recalculation.

Consequently, without prejudice and out of prudence, the three months ended June 30, 2020 the Company has further recorded an incremental provision of Rs. 553 (including net interest on total provision created considering interest rate as per the modification application filed by DoT on March 16, 2020 with effect from the date of Court Judgment) to give effect of the differential amount between the AGR Provision and the DoT Demand along with provision for subsequent periods for which demands have not been received computed based on the terms of the License Agreement, read with guidelines / clarifications and the Court Judgement, which has been presented as an exceptional item (refer note 28(i)(a)). During the three month ended March 31, 2021, the Company has continued to recognise its AGR obligations based on Court Judgement and guidelines / clarifications received from DoT in respect of License Fees and Spectrum Usage Charges.



Further, in its judgement dated, September 1, 2020 (AGR September Judgement) the Hon'ble Supreme Court reaffirmed that the Demand raised by the DoT stated in its modification application is final and no dispute or re-assessment shall be undertaken. In addition, Hon'ble Supreme Court directed that the Telecom Operators shall make a payment of 10% of the total dues as demanded by DoT by March 31, 2021 and remaining dues in yearly instalments commencing April 1, 2021 till March 31, 2031 payable by March 31 of every succeeding financial year. The Company has represented to DoT that it has already paid more than 10% of the total dues as demanded by DoT and will ensure ongoing compliance with the Hon'ble Supreme Court's orders and accordingly filed a compliance affidavit with Hon'ble Supreme Court confirming compliance with payment of 10% of the Total Dues by March 31, 2021. The Company has filed an application before the Hon'ble Supreme Court inter-alia highlighting basic arithmetical, clerical and computational errors in DOT demand. The application is pending adjudication.

- ii. On January 21, 2021 the Company has issued 15,000 listed, unsecured, rated, redeemable, non-convertible debentures ('NCDs'), of face value of Rs. 1 Mn each at a coupon rate of 6% per annum payable annually, at par aggregating to Rs. 15,000 Mn on private placement basis. These NCDs will be due for payment on January 19, 2024.
- iii. During the year ended March 31, 2021, the Company has won 36.2 MHz of spectrum across sub GHz and mid bands for a total consideration of Rs. 1,876 Mn in auction conducted by the Department of Telecom ('DoT'), Government of India.

The company has opted for the deferred payment option and has paid an advance of Rs.828 Mn on March 18, 2021 out of the total upfront payment of Rs. 869 Mn. An additional amount of Rs. 41 Mn was paid to DoT on April 12, 2021 for immediate allocation of spectrum in a service area in which the spectrum was to be allocated at a later date. The balance upfront amount of Rs. 1,007 Mn is payable along with interest @ 7.3% per annum in 16 equal annual installments after a moratorium of two years (refer note 20 (II)).

- iv. As of March 31, 2021, the Company has outstanding commercial papers (CPs) of Rs. 13,456 Mn which are listed on National Stock Exchange. The listing is pursuant to SEBI circulars SEBI/HO/IMD/DF2/P/2019/104 dated October 1, 2019 and SEBI/HO/DDHS/DDHS/CIR/P/2019/115 dated October 22, 2019.
- v. The Code on Social Security, 2020 ('Code') relating to employee benefits during employment and post-employment benefits received Presidential assent in September 2020. The Code has been published in the Gazette of India. The Ministry of Labour and Employment ('Ministry') has issued draft of the Code on Social Security (Central) Rules, 2020 on November 13, 2020, and has invited suggestions from stakeholders which are under active consideration by the Ministry. However, the date on which the Code will come into effect has not been notified. The Company is assessing the impact of the Code and will record any related impact in the period the Code becomes effective.



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

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

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- vi. During the year ended March 31, 2020, the company gave effect to the merger of relevant consumer mobile businesses of Tata Teleservices Limited ('TTSL') with the Company, on July 1, 2019 (being the effective and appointed date of the Scheme of Arrangement under section 230 to section 232 of the Act. As part of the said transaction, the company is indemnified for the ramifications of past liabilities (viz. for the period prior to the completion of the transaction). Considering that the said merger has been completed and as a consequence of the Court Judgement, the incremental liabilities of TTSL pertaining to AGR as per the estimates available have been recorded in the books of the Company with a corresponding indemnity asset for the same. As the said incremental liabilities pertains to the period before the acquisition, TTSL reserve their rights as available to them under law to take appropriate action vis-à-vis the authorities.

The Company, on the basis of the Telecom Disputes Settlement and Appellate Tribunal ('TDSAT') orders directing the operationalization of the spectrum and taking all consequent actions, and based on the final approval by Tribunal and Registrar of Companies believes that the required approvals were in place for the Scheme to be effective. Accordingly, the said merger is accounted for in accordance with Ind AS 103, 'Business Combinations'. Consequently, the excess of net assets over purchase consideration, amounting to Rs. 873 has been recognized as Capital reserve, a component of equity. While the merger is completed in the books of the Company, the same has also been taken on record by the DoT on February 6, 2020.



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The summarised aggregated financial information of TTSL is as follows:

<b>A. Consideration paid*</b>	<b>0</b>
<b>B. Net assets acquired</b>	
<b>Non-current assets</b>	
Property, plant and equipment	7
Right-of-use assets	1,173
Other intangible assets	656
Others	60
<b>Current assets</b>	
Indemnification assets	4,009
Others#	242
<b>Total Assets (a)</b>	<b>6,147</b>
<b>Non-current liabilities</b>	
Deferred tax liabilities	102
<b>Current liabilities</b>	
Borrowings	902
Provisions@	2,079
Others\$	2,191
<b>Total Liabilities (b)</b>	<b>5,274</b>
<b>Net assets acquired (a-b)</b>	<b>873</b>

\*487 redeemable preference shares of Rs. 100 each

# mainly includes goods and service tax input credit

@mainly includes regulatory dues

\$ mainly includes trade payable and advances

- vii. During the previous year ended March 31, 2020, the Company after considering its current business plans, likely adoption of lower income tax rate permitted under section 115BAA of the Income Tax Act, 1961 as introduced by the Taxation Laws (Amendment) Act, 2019, future projection and timing of taxable income, has re-assessed the carrying amount of its deferred tax balances (refer note 9).



**Bharti Hexacom Limited**  
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**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 years ended March 31, 2021 and March 31, 2020:

	Leasehold improvement	Building	Plant and equipment	Furniture & fixture	Vehicles	Office equipment	Computer and servers	Total
Gross carrying value								
As of April 1, 2019	89	156	72,605	69	3	181	138	73,241
Additions	-	-	10,472	6	-	20	82	10,580
Acquisition through Business combination@	-	-	7	-	-	-	-	7
Disposals / adjustment	-	-	(2,277)	(1)	-	(3)	-	(2,281)
As of March 31, 2020	89	156	80,807	74	3	198	220	81,547
As of April 1, 2020	89	156	80,807	74	3	198	220	81,547
Additions	0	-	15,264	2	-	27	28	15,321
Disposals / adjustment	-	-	(2,219)	(0)	-	(1)	(9)	(2,229)
As of March 31, 2021	89	156	93,852	76	3	224	239	94,639
Accumulated depreciation								
As of April 1, 2019	84	82	41,256	57	2	136	112	41,729
Charge *	1	7	8,409	4	-	15	28	8,464
Disposals / adjustment	-	-	(887)	(1)	-	(3)	-	(891)
As of March 31, 2020	85	89	48,778	60	2	148	140	49,302
As of April 1, 2020	85	89	48,778	60	2	148	140	49,302
Charge *	0	7	7,315	3	-	16	36	7,377
Disposals / adjustment	-	-	(1,088)	(0)	-	(1)	(5)	(1,094)
As of March 31, 2021	85	96	55,005	63	2	163	171	55,585
Net carrying value								
As of March 31, 2020	4	67	32,029	14	1	50	80	32,245
As of March 31, 2021	4	60	38,847	13	1	61	68	39,054

@ refer note 4(vi)

\* It includes exceptional item of Rs. 237 and Rs. 1,484 with respect to plant and equipment for the year ended March 31, 2021 and March 31, 2020. [refer note 28(i)(d) and 28(ii)(b)].

The carrying value of the capital work in progress as at March 31, 2021 and March 31, 2020 is Rs. 707 and Rs. 1,104, respectively, which mainly pertains to plant and equipment.



**Bharti Hexacom Limited**  
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**Changes in useful life**

During the year ended March 31, 2021, the Company has reassessed useful life of certain categories of network assets due to technological developments and accordingly has revised the estimate of its useful life in respect of those assets. The impact of above change on the depreciation charge for the current and future years are as follows:

	For the Year Ending				Future period till end of life
	March 31, 2021	March 31, 2022	March 31, 2023	March 31, 2024	
Impact on depreciation charge	237	(1)	(50)	(60)	(126)

**6. Intangible assets**

The following table presents the reconciliation of changes in the carrying value of intangible assets for the years ended March 31, 2021 and March 31, 2020:

	Software	Licenses (including spectrum)	Other acquired intangibles	Total
<b>Gross carrying value</b>				
<b>As of April 1, 2019</b>	12	65,764	41	65,817
Additions	-	19	-	19
Acquisition through Business combination@	-	652	4	656
<b>As of March 31, 2020</b>	12	66,435	45	66,492
Additions	-	9	-	9
Disposals / adjustment	-	-	-	-
<b>As of March 31, 2021</b>	12	66,444	45	66,501
<b>Accumulated amortisation</b>				
<b>As of April 1, 2019</b>	12	10,401	41	10,454
Amortisation	-	3,402	1	3,403
<b>As of March 31, 2020</b>	12	13,803	42	13,857
Amortisation	-	3,421	1	3,422
Disposals / adjustment	-	-	-	-
<b>As of March 31, 2021</b>	12	17,224	43	17,279
<b>Net Carrying Amount</b>				
As of March 31, 2020	-	52,632	3	52,635
As of March 31, 2021	-	49,220	2	49,222

@refer note 4(vi)

Weighted average remaining amortisation period of license as of March 31, 2021 and March 31, 2020 is 14.62 years and 15.62 years, respectively.



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**7. Investments**

**Non-current**

	As of			
	March 31, 2021		March 31, 2020	
	No. of units	Cost	No. of units	Cost
Government securities (NSC)	1	0	1	0
	1	0	1	0

**Current**

	As of	
	March 31, 2021	March 31, 2020
<b>Investment at FVTPL</b>		
Mutual funds (quoted)	-	6,254
	-	<b>6,254</b>
<i>Aggregate book value of unquoted investments</i>	0	0
<i>Aggregate book value of quoted investments</i>	-	6,254
<i>Aggregate market value of quoted investments</i>	-	6,254

**8. Financial assets – others**

**Non-current**

	As of	
	March 31, 2021	March 31, 2020
Margin money deposit	-	0
Claims recoverable*	2,044	0
Indemnification assets^	1,930	1,930
	<b>3,974</b>	<b>1,930</b>

\* pertains to universal service obligation fund ('USOF') subsidy (refer note 21).

**Current**

	As of	
	March 31, 2021	March 31, 2020
Unbilled Revenue (refer note 21)	178	453
Interest accrued on investments	6	18
Claims recoverable	267	-
Indemnification assets^	7,103	7,575
Recoverable from related party (refer note 31)	410	-
Others	24	21
	<b>7,988</b>	<b>8,067</b>

^pursuant to merger with TTSL (refer note 4(vi)).



**Bharti Hexacom Limited**  
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**9. Income taxes**

The major components of Income Tax expense/credit are:

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

	For the year ended	
	March 31, 2021	March 31, 2020
Loss before tax	(9,891)	(34,348)
Tax credit @ Company's domestic tax rate of 25.168%	(2,490)	(8,644)
Effect of:		
Effect of changes in tax rate (refer note 4(vii))	-	1,268
Adjustments in respect to previous years	8	193
Business losses against which deferred tax reversed based on projections	1,699	-
Losses against which no deferred tax asset recognised	1,235	-
Expense not deductible (net)	(4)	-
<b>Income tax charge/ (credit)</b>	<b>448</b>	<b>(7,183)</b>

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

	As of	
	March 31, 2021	March 31, 2020
<b>Deferred tax asset / (liabilities)</b>		
Provision for impairment of debtors / advances	501	479
Employee benefits	20	20
Depreciation / amortisation on property, plant and equipment / intangible assets	156	156
Government Grants	703	427
Rates and Taxes	751	286
Carry forward losses	9,035	10,246
<b>Net deferred tax asset</b>	<b>11,166</b>	<b>11,614</b>

	For the year ended	
	March 31, 2021	March 31, 2020
<b>Deferred tax (expense) / income</b>		
Provision for impairment of debtors / advances	22	(239)
Carry forward losses	(1,211)	6,171
Employee benefits	-	(8)
Fair valuation of financial instruments and exchange differences	-	(277)
Depreciation / amortisation on property, plant and equipment / intangible assets	-	823
Government Grant	276	427
Rates and Taxes	465	286
<b>Net deferred tax (expense)/ income</b>	<b>(448)</b>	<b>7,183</b>

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



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	As of	
	March 31, 2021	March 31, 2020
<b>Opening balance</b>	<b>11,614</b>	<b>3,946</b>
Tax (expense) / credit recognised in statement of profit or loss	(448)	7,183
Tax credit recognised in OCI	0	1
Tax income recognised in equity on transition impact of Ind AS 116	-	586
Deferred taxes arising on business combination	-	(102)
<b>Closing balance</b>	<b>11,166</b>	<b>11,614</b>

Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and carry forward tax losses / credits (including capital losses) can be utilised. Accordingly, based on the analysis of recoverability of Deferred Tax Assets as created in its books on the basis of its 10 year plan deferred tax assets on losses of Rs. 6,750 were reversed. No deferred tax has been recognized in relation to losses of Rs. 4,906 during the year.

Further, the company has not recognised deferred tax assets in respect of business combination losses and unabsorbed depreciation in relation to Tata Tele Services Limited amounting to Rs. 4,796 (March 31, 2020 Rs. 2,965) (including Rs. 1,902 (March 31, 2020 Rs. 1,941) towards unabsorbed depreciation) as of March 31, 2021 as the availability of same is subject to completion of assessment on losses as it is not probable that relevant taxable profits will be available in future.

The expiry schedule of the above mentioned losses is as follows:

	As of	
	March 31, 2021	March 31, 2020
<b>Expiry date</b>		
Within five years	2,315	570
Above five years	7,329	454
Unlimited	6,808	1,941



**10. Other non-financial assets**

**Non-current**

	As of	
	March 31, 2021	March 31, 2020
Advances (net)*	262	221
Cost to obtain a contract with a customer (refer note 21)	810	224
Capital Advance	833	-
Taxes Recoverable#	1,275	2,631
Prepaid expenses	4,346	4,384
Rent Equalisation	113	135
Others	21	18
	<b>7,660</b>	<b>7,613</b>

**Current**

	As of	
	March 31, 2021	March 31, 2020
Taxes recoverable#	8,422	8,658
Advances to Suppliers (net)**	495	651
Prepaid expenses	856	765
Deposit with government authorities	-	500
Cost to obtain a contract with a customer (refer note 21)	409	151
Others@	4	4
	<b>10,186</b>	<b>10,729</b>

\* Advances represent payments made to various Government authorities under protest and are disclosed net of provision.

# Taxes recoverable primarily include goods & service tax ('GST') and customs duty.

\*\* Advance to Suppliers are disclosed net of provision of Rs. 75 and Rs.91 as of March 31, 2021 and March 31, 2020, respectively.

@ It primarily includes employee receivables which principally consist of advances given for business purpose.



**11. Trade receivables**

	As of	
	March 31, 2021	March 31, 2020
Trade Receivable - unsecured*	3,103	3,770
Less: Allowances for doubtful receivables	(1,674)	(1,487)
	<b>1,429</b>	<b>2,283</b>

\* It includes amount due from related parties. (refer note 31)  
Refer note 33 (1) (iv) for credit risk

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

	For the year ended	
	March 31, 2021	March 31, 2020
Opening <b>balance</b>	1,487	1,551
Additions / (Written back)	187	(62)
Write off (net of recovery)	-	(2)
Closing <b>balance</b>	<b>1,674</b>	<b>1,487</b>

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

	As of	
	March 31, 2021	March 31, 2020
Balances with banks	67	140
Fixed deposits with banks	210	2,638
Cash on hand	0	1
	<b>277</b>	<b>2,779</b>



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**13. Other bank balances**

	As of	
	March 31, 2021	March 31, 2020
Margin Money*	321	208
Term deposits with banks	-	98
	<b>321</b>	<b>306</b>
Less :- Interest accrued (refer note 8)	6	18
	<b>315</b>	<b>288</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, 2021	March 31, 2020
Cash and cash equivalents as per Balance Sheet	277	2,779
Bank overdraft (refer note 15)	-	(2,807)
	<b>277</b>	<b>(28)</b>

**14. Equity Share Capital & other equity**

	As of	
	March 31, 2021	March 31, 2020
<b>Authorised shares</b>		
250,000,000 (March 31, 2020- 250,000,000) equity shares of Rs 10/- each	2,500	2,500
<b>Issued, Subscribed and fully paid-up shares</b>		
250,000,000 (March 31, 2020- 250,000,000) equity shares of Rs 10/- each	2,500	2,500
	<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, 2021		March 31, 2020	
	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>

**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, 2021		March 31, 2020	
	No of shares (in '000)	% holding	No of shares (in '000)	% holding
<b>Equity shares of Rs 10 each fully paid up</b>				
Bharti Airtel Limited, the holding company	175,000	70%	175,000	70%
Telecommunications Consultants India Limited	75,000	30%	75,000	30%

**d. Reserve and Surplus**

- Retained earnings:** Retained earnings represent the amount of accumulated earnings of the Company, re-measurement differences on defined benefit plans and any transfer from general reserve.
- Securities premium account :** Securities premium is used to record the premium on issue of shares. The reserve is utilised in accordance with the provisions of the Act
- 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 Act.
- Capital reserve:** It pertains to capital reserve acquired pursuant to the scheme of arrangement under the Act accounted under pooling of interest method and excess of purchase consideration over fair value of net assets (for certain business combinations).
- Capital redemption reserve:** The Company has created this reserve on redemption of redeemable preference shares out of the profits, as stipulated under the Act.



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**15. Borrowings**

**Non-current**

	As of	
	March 31, 2021	March 31, 2020
<b>Unsecured</b>		
Term loans	12,450	11,998
Deferred payment liabilities	11,169	-
Non convertible debentures #	15,132	-
	<b>38,751</b>	<b>11,998</b>
Less: Interest accrued (refer note 16)	(1,512)	(52)
Less: Current maturities of long-term borrowings	(313)	(1,500)
	<b>36,926</b>	<b>10,446</b>

**Current**

	As of	
	March 31, 2021	March 31, 2020
<b>Unsecured</b>		
Term loans	9,118	21,661
Commercial papers #	13,456	15,536
Bank overdraft	-	2,807
	<b>22,574</b>	<b>40,004</b>
Less: Interest accrued (refer note 16)	(61)	(41)
	<b>22,513</b>	<b>39,963</b>

\* Refer note 4(ii)

# Refer note 4(iv)



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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.

Borrowings	Interest rate (range)	As of March 31, 2021	Maturity Profile				Terms of repayment
			Within one year	between one and two years	between two and five years	Over five years	
Term Loan	6.2%	5,000	-	2,000	3,000	-	8 installments payable quarterly on due date
Term Loan	6.2%	5,451	-	1,363	4,088	-	6 installments payable half yearly on due date
Term Loan	6.2%	2,000	-	500	1,500	-	Bullet payment payable on due date
Term Loan	4.3% - 6.0%	8,600	8,600	-	-	-	Bullet payment payable on due date
Term Loan	7.5% - 9.0%	458	458	-	-	-	Bullet payment payable on due date
Commercial Papers	4.2% - 4.68%	13,650	13,650	-	-	-	Bullet payment payable on due date
Non-Convertible debentures	6.0%	15,000	-	-	15,000	-	Bullet payment payable on due date
Deferred payment liability*	8.0%	9,829	326	266	2,592	6,645	Annual
<b>Total</b>		<b>59,988</b>	<b>23,034</b>	<b>4,129</b>	<b>26,180</b>	<b>6,645</b>	

Borrowings	Rate of Interest (Weighted average)	As of March 31, 2020	Maturity Profile				Terms of repayment
			Within one year	between one and two years	between two and five years	Over five years	
Term Loan	8.2%	18,086	18,086	-	-	-	Bullet payment payable on due date
Term Loan	8.6%	5,035	5,035	-	-	-	Bullet payment payable on due date
Term Loan	8.7%	5,000	-	5,000	-	-	Bullet payment payable on due date
Term Loan	8.3%	5,450	-	-	5,450	-	6 installments payable half yearly on due date
Commercial papers	7.0%	15,541	15,541	-	-	-	Bullet payment payable on due date
Bank Overdraft	8.2%	2,807	2,807	-	-	-	Payable on due date
<b>Total</b>		<b>51,919</b>	<b>41,469</b>	<b>5,000</b>	<b>5,450</b>	<b>-</b>	

\* It is expected to change post reclass of accrued interest during financial year 2021-22.

	Weighted average rate of Interest	Total Borrowings	Floating Rate Borrowings	Fixed Rate Borrowings
INR	5.9%	59,792	21,507	38,285
<b>March 31, 2021</b>		<b>59,792</b>	<b>21,507</b>	<b>38,285</b>
INR	8.2%	51,919	8,257	43,662
<b>March 31, 2020</b>		<b>51,919</b>	<b>8,257</b>	<b>43,662</b>

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**16 Financial Liabilities - Others**

**Non-current**

	As of	
	March 31, 2021	March 31, 2020
Payable against capital expenditure	-	704
Interest accrued	3	-
	<b>3</b>	<b>704</b>

**Current**

	As of	
	March 31, 2021	March 31, 2020
Payable against capital expenditure	8,015	8,570
Security deposits	223	244
Dues to employees	33	36
Interest accrued	1,570	93
Others*	193	18
	<b>10,034</b>	<b>8,961</b>

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

**17 Provisions**

**Non-current**

	As of	
	March 31, 2021	March 31, 2020
Asset retirement obligations	161	191
Gratuity	45	42
Other employee benefit plans	4	4
	<b>210</b>	<b>237</b>

**Current**

	As of	
	March 31, 2021	March 31, 2020
Gratuity	12	12
Other employee benefit plans	22	22
Sub judice matters	9,545	20,310
Others	4	-
	<b>9,583</b>	<b>20,344</b>



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

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

	<b>For the year ended</b>
	<b>March 31, 2021</b>
Opening Balance	191
Net (reversal) / additions	(6)
Net interest costs	(24)
	<b>161</b>

The provision for asset retirement obligation is in relation to the site restoration related obligation arising from the land taken on leases and represent the management's best estimate of the costs which will be incurred in the future to meet the Company's obligation under these lease arrangements.

The movement of provisions towards sub-judice matters is as below (refer note 4(i)):

	<b>For the year ended</b>
	<b>March 31, 2021</b>
Opening	20,310
Provision made during the year	517
Transferred to Deferred payment Liability (Refer note 4(i))	(10,782)
Adjustment to advances	(500)
Closing	<b>9,545</b>

**18 Other current liabilities**

	<b>As of</b>	
	<b>March 31, 2021</b>	<b>March 31, 2020</b>
Taxes payable*	1,068	1,570
	<b>1,068</b>	<b>1,570</b>

\* Taxes payable mainly pertains to GST and payable towards sub-judice matters.



**Bharti Hexacom Limited**  
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**19 Trade Payable**

	As of	
	March 31, 2021	March 31, 2020
Due to Micro and Small enterprises	31	11
Others*	22,209	18,365
	<b>22,240</b>	<b>18,376</b>

\* Trade payables includes dues to related parties (refer note 31).

**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, 2021	March 31, 2020
1	Principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year	31	11
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	85	19
3	Amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under MSMED Act, 2006.	-	-
4	Amount of interest accrued and remaining unpaid at the end of each accounting year;	-	-
5	Amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act, 2006.	-	-



**20 Contingencies and commitments**

**(I) Contingent liabilities**

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

	As of	
	March 31, 2021	March 31, 2020
(i) Taxes, Duties and Other demands (under adjudication / appeal / dispute)		
- Service Tax	575	620
- Income Tax	645	645
- Custom Duty	-	182
- Entry Tax	185	-
- Department of Telecom (DoT) demands	1,136	1,796
- Other miscellaneous demands	21	22
(ii) Claims under legal cases including arbitration matters		
- Access Charges/Port Charges	65	906
- Others	36	82
	<b>2,663</b>	<b>4,253</b>

Further, refer note (f) below for other DoT matter.

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

**a) Service tax**

The Company has received demands from service tax authorities in relation to Cenvat not reversed on sim card removal, cenvat claimed on tower and related material.

**b) Income tax demand**

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

**c) Access charges / Port charges**

- i. Despite the interconnect usage charges ('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 regulations. 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. During the year ended March 31, 2021, the company has reassessed the matter and considered the exposure as probable. (Refer note (28 (i) (c))



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 challenged 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. During the year ended March 31, 2021, the company has reassessed the matter and considered the exposure as probable. (Refer note (28 (i) (c))

#### **d) Entry tax**

In Rajasthan state, an entry tax is levied on receipt of material from outside the state. This position has been challenged by the Company in the respective state, on the grounds that the specific entry tax is ultra vires the Constitution.

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 Courts.

The Company recently received show cause notices for certain financial years proposing levy of entry tax on basis of classification of materials. In view of the Company, the materials proposed in the show cause notice are not covered under the specific entry as per the schedule and not liable to entry tax.

#### **e) 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. During the year ended March 31, 2021, the company has reassessed the position and accordingly recorded provision against the same.

#### **f) DOT demands**

- (i) In respect of levy of one time spectrum charge ('OTSC'), the DoT has raised demand on the Company in January 2013. In the opinion of the Company, inter-alia, the above demand amounts to alteration of financial terms of the licenses issued in the past and therefore the Company filed a

petition in the Hon'ble High Court of Bombay, which vide its order dated January 28, 2013, had 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 this matter is currently pending with Hon'ble High Court of Bombay. The DoT has revised demands on the Company aggregating Rs. 4,737 in June 2018, including a retrospective charge and a prospective charge till the expiry of the initial terms of the respective licenses. The said revised demand has subsequently also been brought within the ambit of the earlier order of no coercive action by the Hon'ble High Court of Bombay. The Company intends to continue to pursue its legal remedies.

Further, in a similar matter on a petition filed by another telecom service provider, the Hon'ble TDSAT, vide its judgment dated July 4, 2019, has set aside the DoT order for levy of OTSC with retrospective effect. Accordingly, as per the said order of the Hon'ble TDSAT; DoT can levy OTSC on the Spectrum beyond 6.2 MHz allotted after July 1, 2008, only from the date of allotment of such spectrum and in case of Spectrum beyond 6.2 MHz allotted before July 1, 2008, only prospectively i.e. w.e.f. January 1, 2013.

Further, demand for OTSC on spectrum allotted beyond start-up and up-to the limit of 6.2 MHz has been set aside. The Hon'ble TDSAT has asked DoT to issue revise demands, if any, in terms of the above directions. The said telecom service provider filed an appeal in the Hon'ble Supreme Court of India against the Order of the TDSAT. On March 16, 2020, the Hon'ble Supreme Court dismissed the appeal of the telecom service providers and did not interfere with the TDSAT judgment. DoT's appeal against the said TDSAT Order for the levy on Spectrum below 6.2 MHz is pending. The Hon'ble Supreme Court vide order dated August 21, 2020, stayed the TDSAT judgment July 4, 2019 in a case of another telecom service provider. The Supreme Court, vide order dated December 7, 2020, directed status quo to be maintained in case of another telecom service provider. Review petition has been filed by one of the telecom service provider against the Supreme Court Judgment dated March 16, 2020. The review petition is pending adjudication. Out of prudence, of the total demands of Rs. 4,737, the Company had recorded a charge of Rs. 160 for the year ended March 31, 2020 and along with interest thereon of Rs. 355, the aggregate of Rs. 515 was disclosed as an exceptional item.

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



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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.

- (iv) 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 and it has set aside the respective circulars of DoT vide its Judgment dated April 22, 2010. Thereafter, DoT has challenged the order of TDSAT before the Hon'ble Supreme Court, which is pending for adjudication.

DoT, vide amendment dated November 13, 2014 to Guidelines for Unified License (UL), incorporated new clause that the existing resources including inter-alia Microwave Access and Backbone (MWA and MWB) spectrum, will be reassigned / revalidated to the respective Telecom Service Provider (TSP) under UL, whose licenses have expired / are expiring in future, subject to realisation of charges / fees as applicable in conformity with the extant guidelines / instructions.

Subsequently, DoT notified guidelines October 16, 2015 for allotment of MWA and MWB spectrum for the interim period provisionally pending final decision by the Government, which inter-alia requires TSPs to pay MWA and MWB spectrum charges as per circulars dated 2006 & 2008. DoT guidelines of 2015 were challenged by one of the TSPs before TDSAT, wherein TDSAT, vide its judgment dated March 13, 2019, held that 2006 rates are extant rates applicable to TSP, which DoT has the right to charge TSPs from any future date that may be notified. DoT and the said TSP have filed cross appeals before Supreme Court against the TDSAT judgment, wherein the Supreme Court has stayed the TDSAT Judgment vide order dated November 8, 2019. The appeals are pending for adjudication.

During the year ended March 31, 2021, the Company has applied for re-assignment / revalidation of its MWA / MWB carriers and accordingly, an amount of Rs 934 (including interest and penalty) from the date of migration to UL been recorded as a liability in the financial statements and disclosed as an exceptional item (refer note 28 (i) (b)) and an amount of Rs. 595 which pertains to pre-migration to UL is disclosed as contingent liability as on March 31, 2021.

Considering the nature of above disputes/ litigations, it is difficult to reliably ascertain the amount or timing of outflow on settlement.

**(II) Commitments**

**Capital commitments**

The Company has contractual commitments towards capital expenditure (net of related advances paid) of Rs. 4,654 (including Rs. 1,048 towards spectrum) and Rs. 8,355 as of March 31, 2021 and March 31, 2020, respectively.

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**21 Revenue from operations**

	For the year ended	
	March 31, 2021	March 31, 2020
Service revenue	46,023	38,741
	<b>46,023</b>	<b>38,741</b>

**Disaggregation of Revenue**

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

Particulars	For the year ended					
	Mobile Services		Home and Office Services		Total	
	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020
<b>Geographical Markets</b>						
India	45,241	38,120	723	516	45,964	38,636
Outside India	59	105	-	-	59	105
	<b>45,300</b>	<b>38,225</b>	<b>723</b>	<b>516</b>	<b>46,023</b>	<b>38,741</b>
<b>Major Products/Service lines</b>						
Data and Voice Services	44,281	37,053	705	500	44,986	37,553
Others	1,019	1,172	18	16	1,037	1,188
	<b>45,300</b>	<b>38,225</b>	<b>723</b>	<b>516</b>	<b>46,023</b>	<b>38,741</b>
<b>Timing of Revenue Recognition</b>						
Services transferred at a point in time	8	12	5	2	13	14
Services transferred over time	45,292	38,213	718	514	46,010	38,727
	<b>45,300</b>	<b>38,225</b>	<b>723</b>	<b>516</b>	<b>46,023</b>	<b>38,741</b>

**Contract Balances**

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

	As of	
	March 31, 2021	March 31, 2020
Unbilled Revenue (refer note 8)	178	453
Deferred Revenue	8,610	4,506



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

	For the year ended	
	March 31 2021	
	Unbilled Revenue	Deferred Revenue
Revenue recognised that was included in deferred revenue at the beginning of the year	-	2,649
Increase due to cash received, excluding amounts recognised as revenue during the year	-	6,754
Transfer from unbilled revenue recognised at the beginning of the year to receivables	453	-

The Company have entered into respective agreements with Universal Service Obligation Fund ('USOF') to provide mobile services in identified uncovered villages and seamless mobile coverage on the national highways in north-eastern region. They have recognised deferred income for front loaded subsidy (representing 50% of eligible USOF subsidy) on receipt of approved Proof of Concept (PoC) for a particular USOF site and for equated quarterly subsidy (representing remaining 50% of the eligible USOF subsidy receivable in twenty quarterly instalments) on quarterly basis. The deferred income is amortised over the period they are required to operate and maintain the asset. The company has recognized government grant of Rs. 772 and Rs 139 during the year ended March 31, 2021 and March 31, 2020.

**Costs to obtain or fulfil a contract with a customer**

The Company estimated that the historical average customer life is longer than 12 months and believes that its churn rate provides the best indicator of anticipated average customer life.

	For the year ended	
	March 31 2021	March 31 2020
Opening balance	375	-
Costs incurred and deferred	1,076	439
Less: Cost amortized	232	64
<b>Closing balance</b>	<b>1,219</b>	<b>375</b>

*(This space has been intentionally left blank)*



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**22 Network operating expenses**

	For the year ended	
	March 31, 2021	March 31, 2020
Power and fuel	6,753	6,545
Passive infrastructure charges	2,564	2,344
Repair and maintenance	2,363	2,392
Internet, bandwidth and leasedline charges	2,247	1,171
Others*	352	185
	<b>14,279</b>	<b>12,637</b>

\* It includes charges towards installation, insurance and security.

**23 Employee benefits expense**

	For the year ended	
	March 31, 2021	March 31, 2020
Salaries,wages and bonus	706	549
Contribution to provident and other funds	18	19
Defined benefit obligation/ other long term benefits	15	17
Staff welfare expenses	21	24
Others	3	6
	<b>763</b>	<b>615</b>

**Employee benefits**

The details of significant defined benefit obligations are as follows:

	For the year ended			
	March 31, 2021		March 31, 2020	
	Gratuity	Compensated absences	Gratuity	Compensated absences
<b>Obligation:</b>				
Balance as at beginning of the year	54	22	51	21
Current service cost	7	4	7	4
Interest cost	4	1	4	2
Benefits paid	(6)	(3)	(6)	(2)
Transfers	(3)	(1)	(5)	(3)
Remeasurements	1	(1)	3	-
<b>Present value of obligation</b>	<b>57</b>	<b>22</b>	<b>54</b>	<b>22</b>
<b>Current portion</b>	12	22	12	22
<b>Non-current portion</b>	45	-	42	-

As at March 31, 2021, expected contributions for the next annual reporting period is Rs. 12.



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**Amount recognised in other comprehensive income**

	<b>For the year ended</b>	
	<b>March 31, 2021</b>	<b>March 31, 2020</b>
Experience (gains) / losses	1	1
Gains from change in demographic assumptions	0	-
(Gains) / losses from change in financial assumptions	0	2
<b>Remeasurements on liability</b>	<b>1</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

**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, 2021</b>	<b>March 31, 2020</b>
Discount Rate	6.8%	6.9%
Rate of Return on Plan Assets	N.A.	N.A.
Rate of salary increase	7.5%	7.5%
Rate of attrition	20% to 29%	18% to 46%
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, 2021</b>	<b>March 31, 2020</b>
Discount Rate	+1%	(2)	(2)
	-1%	2	2
Salary Growth Rate	+1%	2	2
	-1%	(2)	(2)

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



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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.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the prior period.

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

	As of	
	March 31, 2021	March 31, 2020
Within one year	12	12
Between one and three years	21	19
Between three and five years	15	13
Over five years	24	34
	<b>72</b>	<b>78</b>
Weighted average duration (in years)	4.00	3.98

**24 Sales and marketing expense**

	For the year ended	
	March 31, 2021	March 31, 2020
Sales commission and distribution expenses	832	751
Advertisement and marketing	361	286
Business promotion	102	41
Others	115	141
	<b>1,410</b>	<b>1,219</b>

**25 Other expenses**

	For the year ended	
	March 31, 2021	March 31, 2020
Content cost	223	371
Legal & professional charges	27	57
Customer care expenses	82	135
IT expenses	259	202
Bad debts written off	102	2
Provision for doubtful debts	92	(238)
Collection and recovery expense	36	33
Charity and donation #	4	-
Other administrative expense	389	428
	<b>1,214</b>	<b>990</b>

# As per the requirements of section 135 of the Act, the Company was not required to spend any for the year ended March 31, 2021 and March 31, 2020 on Corporate Social Responsibility expenditure.



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

	For the year ended	
	March 31, 2021	March 31, 2020
Audit fee	5	5
Reimbursement of expenses	0	0
Other services (Including certification)	0	0
	<b>5</b>	<b>5</b>

**26 Depreciation and amortisation expense**

	For the year ended	
	March 31, 2021	March 31, 2020
Depreciation (including on ROU)	9,430	9,094
Amortisation	3,422	3,403
	<b>12,852</b>	<b>12,497</b>

**27 Finance costs**

	For the year ended	
	March 31, 2021	March 31, 2020
Interest expense	3,220	2,772
Net exchange loss	(471)	663
Interest expense on leases	1,268	1,179
Other finance charges*	1,149	646
	<b>5,166</b>	<b>5,260</b>

\* It includes bank charges, trade finance charges and interest charges towards sub-judice matters.

**28 Exceptional Items**

Exceptional items comprises of the following:

- i. For the year ended March 31, 2021:
  - a) Charge on account of license fee and spectrum usage charges (SUC) aggregating Rs. 553 (refer note 4(i))
  - b) Charge of Rs. 934 on account of re-assignment / revalidation of their MWA / MWB carrier in the Unified License Circles. (refer note 20(f)(iv))
  - c) Charge of Rs. 1,693 on account of rates and taxes (including interest) arising from a detailed management review in light of judgements in various courts in multiple states
  - d) Charge of Rs. 237 on account of re-assessment of useful life of certain categories of network assets due to technological advancements (refer note 5)



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- ii. For the year ended March 31, 2020:
- (a) Charge on account of license fee and spectrum usage charges aggregating Rs. 18,709 (refer note 4(i)).
  - (b) Charge of Rs. 1,484 towards accelerated depreciation of 3G network equipment (refer note 5).
  - (c) Charge of Rs. 1,165 on account of rates and taxes, largely paid under protest in earlier years, arising from a detailed management review in light of High Court judgements in multiple states.
  - (d) Charge of Rs. 515 on account of re-assessment of regulatory cost based on a recent judgement on OTSC related matter (refer note 20(f)(i)).
- iii. Tax charge includes net charge of Rs. 1,719 (including on re-assessment of deferred tax assets on business losses (recognized in previous periods) due to revised business projections during the year ended March 31, 2021).
- Tax credit includes benefit due to exceptional items aggregating Rs. 3,932 for the year ended March 31, 2020.

**29 Earnings per share**

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

	<b>For the year ended</b>	
	<b>March 31, 2021</b>	<b>March 31, 2020</b>
Loss attributable to equity shareholder as per statement of profit and loss (A)	(10,339)	(27,165)
Weighted average number of equity shares for calculation of basic / diluted EPS (in thousand) (B)	250,000	250,000
<b>Earning per share</b>		
Equity share of face value Rs. 10 per share		
Basic / Diluted earnings per share (A)/(B)	(41.36)	(108.66)

*(This space has been intentionally left blank)*



### **30 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, after excluding charity and donation cost. 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, right-of-use asset ('ROU'), property, plant and equipment, Capital work-in-progress, intangibles assets and cash and cash equivalents. Segment liabilities primarily include operating and lease liabilities. Segment capital expenditure comprises of additions to property, plant and equipment, capital work-in-progress, intangible assets, ROU 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 for homes and offices.

**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.

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Summary of the segmental information for the year ended and as of March 31, 2021 is as follows:

	Mobile Services	Home and Office Services	Unallocated	Eliminations	Total
Revenue from external customers	45,300	723	-	-	46,023
Inter segment revenue	151	-	-	(151)	-
<b>Total revenue</b>	<b>45,451</b>	<b>723</b>	<b>-</b>	<b>(151)</b>	<b>46,023</b>
Segment results	(980)	(412)	-	-	(1,392)
<b>Less:</b>					
Finance costs (net)*					4,996
Non-operating expense					82
Charity and donation					4
Exceptional Items (refer note 28)					3,417
<b>Loss before tax</b>					<b>(9,891)</b>
<b>Other segment items</b>					
Capital expenditure	15,471	296	-	-	15,767
Addition to ROU	4,979	45	-	-	5,024
Depreciation and amortisation expense	12,712	140	-	-	12,852
<b>As of March 31, 2021</b>					
Segment assets	139,866	5,943	4,912	(686)	150,035
Segment liabilities	74,664	4,956	51,241	(686)	130,175

\*net of interest income and net gain on FVTPL.

*M/K*



**Bharti Hexacom Limited**  
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Summary of the segmental information for the year ended, as of March 31, 2020 is as follows:

	Mobile Services	Homes and Office Services	Unallocated	Eliminations	Total
Revenue from external customers	38,225	516	-	-	38,741
Inter segment revenue	-	65	-	(65)	-
<b>Total revenue</b>	<b>38,225</b>	<b>581</b>	<b>-</b>	<b>(65)</b>	<b>38,741</b>
Segment results	(7,513)	197	-	-	(7,316)
<b>Less:</b>					
Finance costs (net)*					5,143
Non-operating expense					16
Exceptional items (Note 28)					21,873
<b>Loss before tax</b>					<b>(34,348)</b>
<b>Other segment items</b>					
Capital expenditure	9,947	131	-	-	10,078
Addition to ROU	5,051	-	-	-	5,051
Depreciation and amortisation expense	12,399	98	-	-	12,497
<b>As of March 31, 2020</b>					
Segment assets	143,486	5,180	6,369	(688)	154,347
Segment liabilities	75,958	4,136	44,741	(688)	124,147

\*net of interest income and net gain on FVTPL.

**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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**31 Related party disclosures**

**i. Parent Company**

Bharti Airtel Limited

**ii. Ultimate controlling entity**

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

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

Telecommunications Consultants India Limited

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

**a. Fellow Subsidiaries**

Bharti Airtel Services Limited  
Bharti Telemedia Limited  
Bharti Infratel Limited (upto November 18, 2020)  
Telesonic Networks Limited  
Nextra Data Limited  
Aitel Digital Limited (formally known as Wynk Limited)  
Smartx Services Limited (upto November 18, 2020)

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

Airtel Payment Bank Limited  
Robi Axiata Limited

**c. Joint venture of the Parent company**

Indus Towers Limited (w.e.f November 19,2020)  
(formerly known as Bharti Infratel Limited)  
Smartx Services Limited (wef November 19, 2020)

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

Bharti Axa life Insurance Company Limited

**e. Other related parties \***

Brightstar Telecommunication India Limited  
Centum Learning 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)

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.

*nm*



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

	For the year ended March 31, 2021				
	Parent Company	Fellow subsidiaries	Entity where parent company exercise significant influence	Joint venture of the Parent company	Other related parties
Purchase of fixed assets/bandwidth	1,045	230	-	-	5
Sale of fixed assets/IRU given	1,779	-	-	-	-
Rendering of services	6,492	5	13	-	-
Receiving of services	15,740	907	-	1,469	15
Expenses incurred on behalf of others	-	29	2	-	-
Expenses incurred on behalf of the company	1,288	23	-	-	-
Security deposit given / advance paid	-	-	-	-	-
Advance received / refund of security deposit given	-	-	-	-	-
Reimbursement of energy expenses	-	1,002	-	3,045	-
Receiving of assets(ROU/Ind AS 116) *#	-	153	-	1,265	-
Guarantees and collaterals (expired) on behalf of the company	(420)	-	-	-	-

	For the year ended March 31, 2020				
	Parent Company	Fellow subsidiaries	Entity where parent company exercise significant influence	Joint venture of the Parent company	Other related parties
Purchase of fixed assets/bandwidth	448	207	-	-	28
Sale of fixed assets/IRU given	1,944	-	-	-	-
Rendering of services	6,063	1	12	-	-
Receiving of services	16,336	1,209	15	1,012	8
Expenses incurred on behalf of others	-	10	2	-	-
Expenses incurred on behalf of the company	915	3	-	-	-
Security deposit given / advance paid	-	1	-	-	-
Advance received / refund of security deposit given	-	119	-	164	-
Reimbursement of energy expenses	-	1,307	-	2,438	-
Receiving of assets (ROU / IND AS 116) *#	-	262	-	2,041	-
Guarantees and collaterals on behalf of the company	1	-	-	-	-



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The details of significant transactions with fellow subsidiaries and entity where parent company exercise significant influence are as follows:-

	<b>For the year ended</b>	
	<b>March 31, 2021</b>	<b>March 31, 2020</b>
<b>(i) Receiving of services *</b>		
<b>Fellow subsidiaries</b>		
Bharti Infratel Limited (upto November 18, 2020)	523	722
<b>Joint venture of the parent company</b>		
Indus Towers Limited (upto November 18, 2020)	779	1,012
Indus Towers Limited (w.e.f November 19, 2020) (formerly known as Bharti Infratel Limited)	619	-
<b>(ii) Reimbursement of energy expenses</b>		
<b>Fellow subsidiaries</b>		
Bharti Infratel Limited (upto November 18, 2020)	1,002	1,307
<b>Joint venture of the parent company</b>		
Indus Towers Limited (upto November 18, 2020)	1,580	2,438
Indus Towers Limited (w.e.f November 19, 2020) (formerly known as Bharti Infratel Limited)	1,465	-
<b>(iii) Receiving of assets(ROU/Ind AS 116) *#</b>		
<b>Fellow subsidiaries</b>		
Bharti Infratel Limited (upto November 18, 2020)	153	262
<b>Joint venture of the parent company</b>		
Indus Towers Limited (upto November 18, 2020)	609	2,041
Indus Towers Limited (w.e.f November 19, 2020) (formerly known as Bharti Infratel Limited)	657	-

\*Amount does not include GST

# Amount disclosed is net of termination



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

	Parent Company	Fellow subsidiaries	Entity where parent company exercise significant influence	Joint venture of the Parent company	Other related parties
<b>As of March 31, 2021</b>					
Security Deposit	-	-	-	73	-
Trade Receivables	-	0	277	-	-
Other Financial assets	400	8	2	2	-
Trade Payables	(9,210)	(392)	-	(4,666)	(5)
Lease liabilities @	-	-	-	(10,533)	-
<b>As of March 31, 2020</b>					
Security Deposit	-	4	-	69	-
Trade Receivables	-	0	429	-	-
Trade Payables	(6,109)	(1,668)	-	(2,794)	(3)
Lease liabilities @	-	(3,506)	-	(7,305)	-

The Holding Company has agreed to ensure appropriate financial support comprising of un-drawn committed facilities only if and to the extent required by the Company.

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

@ It include discounted value of future cash payouts.

NML



### 32 Leases

#### Company as a lessee

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

The following table presents the reconciliation of changes in the carrying value of ROU assets for the year ended March 31, 2021 and March 31, 2020:

	<b>Bandwidth</b>	<b>Plant and equipment</b>	<b>Building</b>	<b>Leasehold land</b>	<b>Total</b>
Balance as at April 1, 2019	-	9,397	205	816	10,418
Additions	-	4,285	1	765	5,051
Acquisition through business combinations@	1,173	-	-	-	1,173
Depreciation expense	(58)	(1,853)	(27)	(176)	(2,114)
Termination / adjustments	-	(564)	(0)	(106)	(670)
<b>Balance as at March 31, 2020</b>	<b>1,115</b>	<b>11,265</b>	<b>179</b>	<b>1,299</b>	<b>13,858</b>

	<b>Bandwidth</b>	<b>Plant and equipment</b>	<b>Building</b>	<b>Leasehold land</b>	<b>Total</b>
Balance as at April 1, 2020	1,115	11,265	179	1,299	13,858
Additions	39	3,467	-	1,518	5,024
Depreciation expense	(118)	(1,887)	(38)	(247)	(2,290)
Termination / adjustments	-	(1,426)	(25)	(380)	(1,831)
<b>Balance as at March 31, 2021</b>	<b>1,036</b>	<b>11,419</b>	<b>116</b>	<b>2,190</b>	<b>14,761</b>

@ Refer note 4(vi)

- **Bandwidth**

The Company's leases of bandwidth comprise of dark fiber taken on lease.

- **Plant and equipment**

The Company leases passive infrastructure for providing telecommunication services under composite contracts that include lease of passive infrastructure and land on which the passive infrastructure is built as well as maintenance, security, provision of energy etc. services.

- **Building**

The Company's leases of building comprise of lease of offices, warehouses and shops.

- **Leasehold land**

The Company's leases of land comprise of land taken on lease on passive infrastructure is built and offices.

**Amounts recognised in profit or loss**

<b>Leases under Ind AS 116</b>	<b>For the year ended</b>	
	<b>March 31, 2021</b>	<b>March 31, 2020</b>
Interest on lease liabilities	1,268	1,179
Expenses relating to short-term leases	-	1
Expenses relating to leases of low-value assets, excluding short-term leases of low value assets	5	5

**Amounts recognised in statement of cash flows**

<b>Leases under Ind AS 116</b>	<b>For the year ended</b>	
	<b>March 31, 2021</b>	<b>March 31, 2020</b>
Total cash outflow for leases	2,470	1,395

**Termination options**

Termination options are included in a number of property and equipment leases across the Company, where the Company is a lessee. These terms are used to maximise operational flexibility in terms of managing contracts. The majority of termination options held are exercisable only by the Company and not by the respective lessor. In determining the lease term, management considers all facts and circumstances that create an economic incentive not to exercise a termination option. Periods after termination options are only included in the lease term if the lease is reasonably certain to be not terminated by the Company. The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee.

The Company has made use of the following practical expedients available on transition to Ind AS 116: (a) used a single discount rate to a portfolio of leases of similar assets in similar economic environment, (b) not recognised ROU assets and lease liabilities for leases with less than twelve months of remaining lease term and low-value assets on the date of initial application.

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

<b>Operating leases under Ind AS 116</b>	<b>For the year ended</b>	
	<b>March 31, 2021</b>	<b>March 31, 2020</b>
Not later than one year	6,068	5,296
Later than one year but not later than five years	9,901	10,369
Later than five years	7,894	6,406
	<b>23,863</b>	<b>22,071</b>



**Leases as a lessor- operating lease**

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

**Amounts recognised in profit or loss**

<b>Leases under Ind AS 116</b>	<b>For the year ended</b>	
	<b>March 31, 2021</b>	<b>March 31, 2020</b>
Lease income	515	521

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

<b>Operating leases under Ind AS 116</b>	<b>For the year ended</b>	
	<b>March 31, 2021</b>	<b>March 31, 2020</b>
Less than one year	452	515
One to two years	366	457
Two to three years	311	368
Three to four years	250	310
Four to five years	44	249
More than five years	41	69
	<b>1,464</b>	<b>1,968</b>

Company has entered into non-cancellable lease arrangements to provide dark fiber on indefeasible right of use ('IRU') basis and tower assets on site-sharing basis. Due to the nature of these transactions, it is not possible to compute gross carrying amount, depreciation for the year and accumulated depreciation of the asset given on operating lease as of March 31, 2021 and March 31, 2020 and accordingly, the related disclosures are not provided.

**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



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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 Board of Directors 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:

	<b>Change in currency exchange rate</b>	<b>Effect on profit before tax</b>
<b>For the year ended March 31, 2021</b>		
US Dollars	+5%	(17)
	-5%	17
EURO	+5%	(0)
	-5%	(0)
<b>For the year ended March 31, 2020</b>		
US Dollars	+5%	(807)
	-5%	807

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.

*mtl*



**(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, 2021</b>		
INR - borrowings	+100	(215)
	-100	215
<b>For the year ended March 31, 2020</b>		
INR - borrowings	+100	(83)
	-100	83

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.



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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 31.

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, 2021	150	249	5	31	994	1,429
Trade Receivables as of March 31, 2020	658	468	503	58	596	2,283



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.

Moreover, the Company's senior management regularly monitors the rolling forecasts of the entity's 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.



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

	As of March 31, 2021						Total
	Carrying amount	On demand	Less than 6 months	6 to 12 months	1 to 2 years	> 2 years	
Interest bearing borrowings*#	61,325	-	23,253	2,963	7,492	38,679	72,387
Other financial liabilities#	8,464	223	8,241	-	-	-	8,464
Trade payables	22,240	-	22,240	-	-	-	22,240
Lease liabilities	17,983	-	3,997	2,071	3,006	14,789	23,863
<b>Financial liabilities</b>	<b>110,012</b>	<b>223</b>	<b>57,731</b>	<b>5,034</b>	<b>10,498</b>	<b>53,468</b>	<b>126,954</b>

	As of March 31, 2020						Total
	Carrying amount	On demand	Less than 6 months	6 to 12 months	1 to 2 years	> 2 years	
Interest bearing borrowings*#	60,479	2,807	43,051	5,172	5,450	6,315	62,795
Other financial liabilities#	9,572	244	6,713	1,896	704	15	9,572
Trade payables	16,391	-	16,391	-	-	-	16,391
Lease liabilities	16,848	-	1,904	3,391	3,772	13,004	22,071
<b>Financial liabilities</b>	<b>94,813</b>	<b>3,051</b>	<b>68,059</b>	<b>10,459</b>	<b>9,926</b>	<b>19,334</b>	<b>110,829</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 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:

	Non-cash changes					March 31, 2021
	April 1, 2020	Cash flows	Interest expense*	Fair value changes	Others	
Borrowings	49,102	(163)	985	-	9,829	59,752
Interest accrued	93	(3,409)	3,936	-	953	1,573

\*Interest expense exclude unwinding of discount on commercial papers, interest on provisions etc.

## 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



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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, 2021	March 31, 2020
Borrowings	59,752	51,909
Less: Cash and cash equivalents	277	2,779
Less: Term deposit	-	98
<b>Net Debt (A)</b>	<b>59,475</b>	<b>49,032</b>
Equity	19,860	30,200
<b>Total Capital (B)</b>	<b>19,860</b>	<b>30,200</b>
<b>Capital and Net Debt (C= A+B)</b>	<b>79,335</b>	<b>79,232</b>
<b>Gearing Ratio (A/C)</b>	<b>75.0%</b>	<b>61.9%</b>

### 34 COVID 19

To tackle the COVID-19 pandemic which has resulted in phased lock downs with restrictions imposed on movement of people and goods for a prolonged period, the Government is taking necessary steps including rolling out of vaccination to minimise the impact on the economy, and continuous monitoring of the evolving situation.

Telecommunications, Internet, Broadcast and Cable Services have been mentioned as an "Essential" service as per the relevant government orders/notifications. Consequently, the Company formulated a robust Business Continuity Plan to ensure that its operations are not disrupted. The Company has considered a range of possible scenarios to understand potential outcomes on its business and plan appropriately.

For the year ended 31 March 2021, the Company has considered the possible effects that may result from the pandemic relating to COVID-19 in the preparation of these financial statements including the recoverability of carrying amounts of financial and non financial assets and company believes that the carrying amount of these assets will be recovered.

The company has updated the foregoing assessment as at March 31, 2021 and there is no material impact on the financial statements for the year ended March 31, 2021.



### 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, 2021	March 31, 2020	March 31, 2021	March 31, 2020	
<b>Financial Assets</b>					
<b>Fair value through profit or loss</b>					
Investments-quoted	Level 1	-	6,254	-	6,254
<b>Amortised cost</b>					
Investments		0	0	0	0
Security deposits		350	335	350	335
Trade receivables		1,429	2,283	1,429	2,283
Cash and cash equivalents		277	2,779	277	2,779
Other bank deposits		315	288	315	288
Other financial assets		11,962	9,997	11,962	9,997
		<b>14,333</b>	<b>21,936</b>	<b>14,333</b>	<b>21,936</b>
<b>Financial Liabilities</b>					
<b>Amortised cost</b>					
Borrowings- fixed rate	Level 1	28,416	15,536	28,416	15,536
Borrowings- fixed rate	Level 2	9,829	28,117	9,829	28,117
Borrowings- floating rate		21,507	8,256	21,507	8,256
Trade payables		22,240	18,376	22,240	18,376
Other financial liabilities		10,037	9,665	10,037	9,665
		<b>92,029</b>	<b>79,950</b>	<b>92,029</b>	<b>79,950</b>

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

- The carrying value of trade receivables, trade payables, short - term borrowings, floating – rate 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.
- The fair value of other long-term borrowing and non-current financial assets / liabilities and other financial liabilities is estimated by discounting future cash flows using current rates applicable to instruments with similar terms, currency, credit risk and remaining maturities.

During the year ended March 31, 2021 and year ended March 31, 2020, there were no transfers between Level 1 and Level 2 fair value measurements. None of the financial assets and financial liabilities are in Level 3.

