

July 12, 2020

BSE Limited  
Phiroze Jeejeebhoy Towers,  
Dalal Street, Mumbai-400001

The National Stock Exchange of India Limited  
Exchange Plaza, C-1, Block G, Bandra Kurla Complex,  
Bandra (E), Mumbai-400051

**Ref: Bharti Infratel Limited (534816 / INFRATEL)**

**Sub: Annual General Meeting (AGM) – Notice of AGM and Integrated Report for financial year ended on March 31, 2020**

Dear Sir/ Madam,

Further to our letter dated July 11, 2020 and pursuant to the provisions of Regulation 30, 44 and other applicable provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we wish to inform you that:

- The 14<sup>th</sup> (Fourteenth) AGM of the Company will be held on Monday, August 3, 2020 at 03:30 p.m. (IST) through Video Conferencing/ Other Audio Visual Means, in accordance with relevant circulars issued by Ministry of Corporate Affairs and Securities and Exchange Board of India. Notice of the AGM along with the Integrated Report & Annual Accounts 2019-2020 is enclosed and is also being sent to all the members of the Company whose email addresses are registered with the Company or Depository Participant(s). The requirement of sending physical copy of Notice and Integrated Report to the members has been dispensed with vide the aforementioned circulars.
- The Company is offering e-voting facility to its members to transact the businesses set forth in the Notice. The facility to exercise vote by electronic means (i.e. remote e-voting/ e-voting at the AGM) on all resolutions as set out in the Notice will be provided to the members holding shares either in physical or electronic form as on the cut-off date i.e. Monday, July 27, 2020. The remote e-voting will commence on Thursday, July 30, 2020 at 9:00 A.M. and will end on Sunday, August 2, 2020 at 5.00 P.M. (both days inclusive).

The Notice and Integrated Report are also available on the website of the Company at [www.bharti-infratel.in](http://www.bharti-infratel.in).

Kindly take the same on record.

Thanking you,

Yours Sincerely,  
For Bharti Infratel Limited



**Samridhi Rodhe**  
Company Secretary





**Cc:**

1. Central Depository Services (India) Ltd., Marathon Futurex, A-Wing, 25<sup>th</sup> Floor, NM Joshi Marg, Lower Parel, Mumbai – 400013
2. National Securities Depository Ltd., Trade World, A-Wing, 4<sup>th</sup> Floor, Kamala Mills Compound, Lower Parel, Mumbai – 400013
3. KFin Technologies Private Limited, Selenium Tower B, Plot No 31 & 32, Gachibowli, Financial District, Nanakramguda, Hyderabad - 500032



**Unlocking  
opportunities for  
a better future**

# Reporting Framework

Our report follows the International <IR> Framework <IR> as developed by the International Integrated Reporting Council (IIRC), which allows us to tell our members and other stakeholders how we create value for them.

 [www.integratedreporting.org/](http://www.integratedreporting.org/)



Scan this code with a QR reader app on your smartphone or tablet and know more about us

The financial and statutory data presented are in line with the requirements of Companies Act, 2013 (including the rules made thereunder), Indian Accounting Standards, the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the Secretarial Standards.

 [www.mca.gov.in](http://www.mca.gov.in)

 [www.icai.org](http://www.icai.org)

 [www.sebi.gov.in](http://www.sebi.gov.in)

 [www.icsi.edu](http://www.icsi.edu)



You can also find this report online : [www.bharti-infratel.com](http://www.bharti-infratel.com)



The image on the cover showcases Bharti Infratel's Smart Poles installed across the city of Bhopal, India. The Smart Poles, built with future-ready technologies of telecom represent Bharti Infratel's capabilities to deliver solutions and services that enable the telecom operators to deliver seamless operations. These next generation technologies position Bharti Infratel perfectly to unlock opportunities for a better future.



**The Company has declared three interim dividends of ₹3.65, ₹2.75 and ₹4.10 per equity share for FY 2019-20. This led to total dividend of ₹10.50 per equity share for FY 2019-20.**



## Materiality Aspect



This Integrated Report focuses on material developments and issues that have an impact both on financial and non-financial performance indicators. We have tried to cover all the aspects that may have a bearing on the business operations and the value created for stakeholders.

## Reporting Period



This Integrated Report primarily covers the period of 12 months from April 1, 2019 to March 31, 2020. However, there are sections of the report that represents facts and figures of previous years as well. The details and information in the Integrated Report pertains to Bharti Infratel Limited on standalone basis unless otherwise specified. Both the financial and non-financial aspects are in accordance with the applicable laws, regulations and standards of India.

## Forward-looking Statements



We have exercised utmost care in the preparation of this report. It might include forecasts and/ or information relating to forecasts. Facts, expectations, and past figures are the basis to form forecasts. As with all forward-looking statements, which means the actual result may deviate significantly from the forecast. As a result of the above-mentioned circumstances, we can provide no assurance regarding the correctness, completeness, and up-to-date nature of the information taken, and declared as being taken, from third parties, as well as for forward-looking statements, irrespective of whether these derive from third parties or ourselves. Readers should keep this in mind. We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.

## Key Company Information



### Bharti Infratel Limited

**CIN:** L64201HR2006PLC073821

**BSE Code:** 534816

**NSE Code:** INFRATEL

**Listing date:** December 28, 2012

## Assurance



To ensure the integrity of the financial and non-financial numbers presented in the Integrated Report for the FY 2019-20 (Page no. 1-69), a Limited Assurance Statement on key performance indicators ("KPIs") has been obtained from Deloitte Haskins & Sells LLP which is available on our website at [www.bharti-infratel.com](http://www.bharti-infratel.com).

### Akhil Gupta

Chairman

### D S Rawat

Managing Director  
& CEO

# Corporate Information

## Board of Directors

**Mr. Akhil Gupta**

Chairman

**Ms. Anita Kapur**

Independent Director

**Mr. Bharat Sumant Raut**

Independent Director

**Mr. D S Rawat**

Managing Director & CEO

**Mr. Jitender Balakrishnan**

Independent Director

**Dr. Leena Srivastava**

Independent Director

**Mr. N Kumar**

Independent Director

**Mr. Rajan Bharti Mittal**

Non-Executive Director

**Mr. R P Singh**

Independent Director

**Mr. Tao Yih Arthur Lang**

Non-Executive Director

## Chief Financial Officer

**Ms. Pooja Jain**

## Company Secretary and Compliance Officer

**Ms. Samridhi Rodhe**

## Statutory Auditors

Deloitte Haskins & Sells LLP  
Chartered Accountants

## Internal Assurance Partners

Ernst & Young, LLP

## Internal Auditor

Mr. Sudeep Chopra

## Secretarial Auditor

Chandrasekaran Associates  
Company Secretaries

## Registered Office

901, Park Centra, Sector 30, NH-8,  
Gurugram, Haryana - 122 001, India

## Corporate Office

Bharti Crescent, 1, Nelson Mandela  
Road, Vasant Kunj, Phase – II,  
New Delhi - 110 070, India

## Corporate Identification Number (CIN)

L64201HR2006PLC073821

## Website

[www.bharti-infratel.com](http://www.bharti-infratel.com)

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The Company as part of essential services continues to serve the nation during lockdowns due to Covid-19, no material impact of the same so far.

**Pg 022**

Message from  
Managing Director  
& CEO



Catering to diverse demands, we consistently enrich our portfolio to fulfill the evolving needs of our stakeholders.

**Pg 033**

Manufactured  
Capital




# Transformation Promises Opportunities.


Opportunities  
to carve the  
future of digital  
connectivity and  
pave the path  
for strategic  
advancements.

India today stands witness to a dynamic telecommunications space, introducing novel ideas and catering to an expanding customer base. Its burgeoning growth coupled with limitless service offerings is creating opportunities designed to transform telecommunication in the near future.



 Solar energy enabled telecom tower at Sehore (near Bhopal)






**As India improves its digital footprint, successfully traversing from 4G to 5G mobile connectivity, the digital era is making sophisticated, cutting-edge technology an integral part of life. A notable shift guided by unprecedented data demand and evolving consumption patterns is fostering a favourable environment for investment in infrastructure networks supporting such developments.**

Bharti Infratel remains steadfast in its commitment to play an instrumental role in facilitating seamless connectivity, introducing state-of-the-art technology that augurs well for the future. As India remains at the helm of a digital revolution, propelled by increased digital penetration, an influx of new users and the domination of data centric services and affordable tariffs, we actively strive to ensure phenomenal growth in the long run.

Making way for revolutionary transitions, Bharti Infratel aspires to redefine the robust tower infrastructure industry with its strategic efforts. Aligning our thoughts and processes with the ambitious Digital India programme, we are constantly innovating, strengthening our core operations and fulfilling our responsibilities. Looking ahead, we aspire to add impetus to the growing digital momentum, thereby unlocking opportunities for a brighter future.

←  A Smart Pole with Wi-Fi, LED lights, Camera and telecom connectivity

# Bharti Infratel at a Glance

**India's leading telecom tower infrastructure provider, Bharti Infratel continues its dominance in the tower space with 95,372\* towers across its 22 telecommunication circles\* in the country. The Company owns, manages and deploys telecom towers and communication structures for all wireless operators.**

**As a pioneer in the shared tower telecom infrastructure services, the Company provides infrastructure for co-locating of telecommunication assets, with an aim to improve the reach of telecom operators, while offering compelling capex saving opportunities for them.**

**We strive to provide innovative, eco-friendly, sustainable and superior solutions to maximize value for our stakeholders. Our robust portfolio of towers, owned and operated in accordance with long-term lease arrangements, help to deliver seamless infrastructure solutions across geographies – with ease and efficiency.**

\* on consolidated basis

## Vision

To be the best and most innovative passive communications infrastructure provider globally.

### Known For:



Highest uptime



Cost & Energy efficiencies



Speed & Quality of deployment



Environment friendliness

## Our DNA

In the process of achieving these objectives, we will not compromise on our core values which are:



### Drive for innovation

- Infuse new ideas to address emerging market needs and future possibilities.
- Focus on quality and process simplification.



### Commercial thinking

- Make decisions based on cost impact and execute them to add value.



### Develop people and partnership

- Establish mutually rewarding internal and external relationships.
- Develop self and high performance teams.
- Be transparent and consistent in words and actions.



### Drive for result

- Proactive approach to exceed challenging goals and customer expectations.

# 2006



Incorporated as an Independent company

# 95,372



Towers set-up  
(as on March 31, 2020)

# 1,74,581



Total Co-locations

# 296



Market capitalisation (₹ in Bn)  
(as on March 31, 2020)

Note: All the figures on this page are on consolidated basis.

# Performance Review<sup>5&6</sup>

Particulars	Units	Full Year Ended <sup>4</sup>				
		2016	2017	2018	2019	2020
Total Towers	Nos	88,808	90,646	91,451	92,277	95,372
Total Co-locations	Nos	195,035	210,606	205,596	172,724	174,581
Average Sharing factor	Times	2.16	2.26	2.29	2.06	1.85
Closing Sharing factor	Times	2.20	2.32	2.25	1.87	1.83
Sharing Revenue per Tower per month	₹	74,513	78,318	82,094	77,322	80,236
Sharing Revenue per Sharing Operator per month	₹	34,499	34,648	35,702	36,886	42,391
<b>Consolidated financials</b>						
Revenue <sup>1</sup>	₹ Mn	123,313	134,237	144,896	145,823	146,472
EBITDA <sup>1</sup>	₹ Mn	54,478	59,420	64,272	60,733	74,422
EBIT <sup>1</sup>	₹ Mn	31,871	36,343	40,339	37,773	43,929
Finance Cost (Net)	₹ Mn	(1,848)	(4,414)	-	(1,571)	5,007
Profit before tax	₹ Mn	35,766	42,211	42,262	41,021	40,834
Profit after tax <sup>3</sup>	₹ Mn	22,474	27,470	24,937	24,938	32,987
Capex	₹ Mn	21,243	21,788	21,820	17,961	18,399
- of which maintenance & general Corporate capex	₹ Mn	4,753	5,048	5,166	4,275	4,699
Operating free cash flow <sup>1</sup>	₹ Mn	32,879	37,209	42,021	42,366	43,464
Adjusted Fund from operations (AFFO) <sup>1</sup>	₹ Mn	49,369	53,949	58,675	56,052	57,164
Total Capital Employed	₹ Mn	121,848	119,738	117,836	119,393	186,176
Net Debt /(Net Cash) with lease liabilities	₹ Mn	(60,414)	(35,127)	(51,708)	(25,852)	50,796
Net Debt /(Net Cash) without lease liabilities	₹ Mn	(60,414)	(35,127)	(51,708)	(25,852)	(16,311)
Shareholder's Equity	₹ Mn	182,262	154,865	169,544	145,245	135,380
<b>Key Ratios</b>						
EBITDA Margin <sup>2</sup>	%	44.2	44.3	44.4	41.6	50.8
EBIT Margin <sup>2</sup>	%	25.8	27.1	27.8	25.9	30.0
Net profit Margin <sup>2</sup>	%	18.2	20.5	17.2	17.1	22.5
Net Debt / (Net Cash) to EBITDA	Times	(1.11)	(0.59)	(0.80)	(0.43)	0.68
Interest Coverage ratio	Times	18.50	22.17	24.83	19.85	14.86
Return on Capital Employed Pre tax	%	27.2	30.1	34.0	31.8	24.3
Return on Shareholder's Equity Pre tax	%	19.9	25.0	26.1	26.1	30.1
Return on Shareholder's Equity Post tax	%	12.5	16.3	15.4	15.8	24.3
<b>Valuation indicators</b>						
Market Capitalization	₹ Bn	724	603	622	580	296
Enterprise Value	₹ Bn	664	568	570	554	347
EV / EBITDA <sup>4</sup>	Times	12.19	9.55	8.87	9.12	4.66
EPS (Diluted)	₹	11.86	14.73	13.49	13.49	17.84
PE Ratio	Times	32.22	22.13	24.92	23.23	8.97

1. Revenue, EBITDA, EBIT, Operating free cash flow and Adjusted Fund from Operations (AFFO) are excluding other income.
2. EBITDA, EBIT and Net profit margin have been computed on revenue excluding other income.
3. Profit after tax excludes impact of Other Comprehensive Income.
4. Previous periods' figures have been regrouped/ rearranged wherever necessary to conform to current period classifications.
5. In the past, we have been presenting our consolidated financial results based on proportionate consolidation method as required under previous GAAP. In order to ensure continuity of comparison by our investors even after introduction of IND AS, we have consistently continued to disclose the results based on the erstwhile proportionate consolidation method (Proforma consolidated financials) for presentation in our quarterly report to investors. The Company has disclosed the above Proforma consolidated financials from FY 2015-16 onwards based on segment information in the audited consolidated financial statement of IND AS (refer note 44 of notes to consolidated financial statements on page number 226 for FY 2018-19 and FY 2019-20) and other relevant information.
6. Effective April 1, 2019, the Company adopted Ind AS 116 "Leases". The result for the year ended March 31, 2020 includes the impact of Ind AS 116 and are not comparable with the past period results. With the adoption of IND AS 116 definition for Financial KPIs – 'Operating Free Cash Flow' and 'Adjusted Fund from Operations'; Key Ratios – 'Net Debt / (Net Cash) with Lease Liabilities to EBITDA' and 'Interest Coverage Ratio' have been revised. Refer Glossary for previous and revised definitions."

Note: Above nos. are basis proforma consolidation.

[Read more on page 030](#)





**On-roll Employees**

2,402

FY 2019-20

2,222

FY 2018-19



**Co-locations**

174,581

FY 2019-20

172,724

FY 2018-19



**Closing Sharing Factor**

1.83

FY 2019-20

1.87

FY 2018-19



**Solar Powered Towers**

~3,000

FY 2019-20

~3,000

FY 2018-19



**Total Tower Base**

95,372

FY 2019-20

92,277

FY 2018-19



**Telecom circles across India**

22

FY 2019-20

22

FY 2018-19



**Green Network**

48%

FY 2019-20

49%

FY 2018-19



**Green Sites**

45,752

FY 2019-20

45,531

FY 2018-19

Note: All the figures on this page are on consolidated basis.

# Our Business Model

We aim to create long-term value for our stakeholders. Integrating our technological and domain expertise helps us generate value and provides greater oversight over our value chain.

## Key Resources and Inputs

### Financial Capital

Sustained financial investment in business to ensure growth in revenue and profitability.

Capex **₹8,709 Mn** | Opex **₹31,213 Mn**

Debt Equity ratio<sup>1</sup>  
**0.17 times**

### Intellectual Capital

Our in-depth industry knowledge, expertise and brand equity enables us to grow our business and offer innovative solutions to our customers.

Average experience of Board members  
**35+ years**

Average experience of leadership team  
**25+years**

State-of-the-art Tower Operating Centre (TOC)

Robust systems and processes

### Human Capital

To successfully implement our long-term strategies, we have built a team of highly experienced and dedicated employees.

On-roll employees  
**1,248**

Employee benefit expenditure  
**₹2,935 Mn**

Spent on training and development<sup>2</sup>  
**₹20.76 Mn**

### Manufactured Capital

Our diverse and carefully managed asset portfolio allows us to sustain our business and generate value for all the stakeholders.

Tower base <b>42,053</b>	Co-locations <b>75,715</b>
No of offices <b>89</b>	States/UTs present in India <b>19</b>

### Social and Relationship Capital

Our relationship with key stakeholders, including customers, communities, suppliers and government authorities play a vital role in our business sustainability.

Number of shareholders <b>51,099</b>	Number of suppliers <b>1,100+</b>
---	--------------------------------------

Spent on social and community initiatives  
**₹598 Mn**

### Natural Capital

The effect of climate change and scarcity of resources often impact communities. We continuously address these issues to mitigate any possible risks to our business sustenance.

Spent on energy conservation equipment  
**₹72 Mn**

## Core Business Activities and Strategy

### Identification of Site

Based on our customer's requirement, a suitable location is identified. Site identification is a critical process ensured by the acquisition team to warrant continual expansion of our portfolio of assets for long term business sustainability.

### Deployment of Site

Once a location is identified, we lease the land from the owner and deploy our tower infrastructure.

### Infrastructure Sharing

The established tower infrastructure is rented out to wireless tenants under long-term agreements (known as Master Service Agreements [MSA]), for a specified fee. The tenants own and operate active equipment like, Antenna and BTS on the site.

### Sustainable Revenue Model

The co-locations are leased for a period of more than seven years with exit penalties, helping us build recurring revenue streams.

### Margin Accretive

High Operating leverage – Additional tenancy on existing sites provides higher rental revenue increase relative to change in operating expenses, resulting in high operating leverage translating to higher profitability margin and wealth creation for stakeholders.



**Business Strategy**

<sup>1</sup>Debt/Equity ratio is calculated basis Debt without lease liabilities / <sup>2</sup>Expenses incurred during the year

Our Tower Portfolio

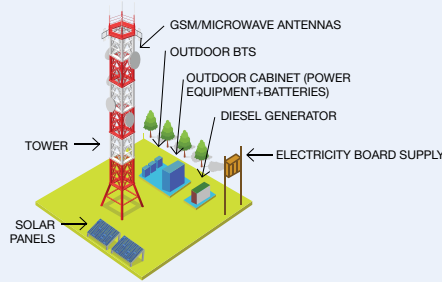
42,053

Ground and roof top Towers

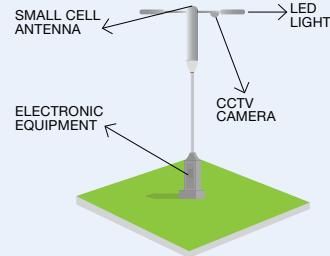
150

Small Poles

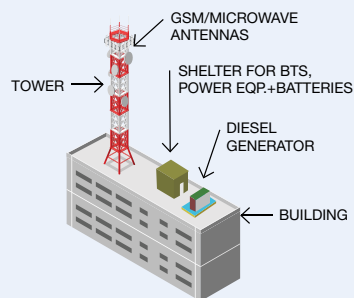
Ground Base Tower



Smart Poles



Roof-top Tower



Output



Revenue from operations  
₹67,383 Mn

Operating free cash flow  
₹23,938 Mn

EBITDA  
₹36,170 Mn

PAT  
₹17,466 Mn

EPS  
₹9.44



New initiatives rolled out  
31

ISO 27001:2013,  
ISO 22301:2012  
and ISO  
9001:2015  
Certifications  
possessed

Structural Solutions  
5

Energy Solutions  
23

Tower Operation Centre (TOC)- Two  
**'industry first'** services to enable quick  
decision making for the field team.



Attrition rate  
8.37%

Man days of training  
1,295

Internal succession rate<sup>1</sup>  
75%

Diversity (gender and differently-abled employees)  
10.4%



Market Presence  
11 circles

Uptime  
99.95%

Increasing cost efficiency for telecom operators.



Lives impacted through CSR activities  
470,000+

Contribution to Exchequer  
₹20,815 Mn

Customer satisfaction score  
4.87

Total Interim Dividend paid  
₹10.50



Solar sites  
2,500+

Green sites  
15,594

Reduction in diesel usage over two years  
36.6%

Key Stakeholders



Customers



Business Partners



Investors



Employees



Regulatory Bodies



Community

Promote tower sharing



Achieving cost efficiencies across tower portfolios



Organic growth and acquisition opportunities



Increasing revenue and capital productivity



Capitalize on opportunities of data growth, Digital India, Smart Cities initiatives of Government

<sup>1</sup>Key senior management and circle leadership positions filled during the year through internal talent / **Note:** These KPIs are basis BIL Standalone

# Risk Management

## External Risk



### Environment Risk

At Bharti Infratel, we factor in a number of environment related risks to our operations and value chain. These include consumption of fuel & non-renewable sources of energy and emission of gases. Going beyond regulatory / permissible limits might impact operations adversely.

Level of Risk



High

### Mitigation Plan

- We constantly focus on improving in the following areas:



Reducing energy consumption at sites



Using more energy efficient equipment



Using alternate sources of energy

- We benchmark our practices for managing the environmental impact of our business by following rules and regulations and maintaining best industry practices.
- We proactively monitor and review the implication of our actions on the environment and undertake corrective measures to reduce the same.
- To reduce our dependency on non-renewable sources of energy, we constantly add energy initiative solutions on our towers portfolio.

### Outcome Achieved in FY 2019-20

~85%



Outdoor sites enabling us to reduce our environmental footprints.



### Regulatory Risk

We operate in a dynamic regulatory environment that could materially and adversely affect our revenues or financial position.

Level of Risk



Moderate

### Mitigation Plan

- Our legal and regulatory teams constantly monitor the changes in the regulatory environment and keeps the Board of Directors informed in order to take timely actions.
- We regularly review our governance framework to comply with all regulatory requirements.
- We continue to be active members of various industry forums including CII and TAIPA.

### Outcome Achieved in FY 2019-20

Strong



Corporate governance framework



**External Risk**



**Infrastructure Risk**

Our towers are subjected to risks associated with natural disasters such as earthquakes. It may be damaged due to multiple reasons, beyond our control.



**Mitigation Plan**

- Our towers are insured and it covers the replacement value of existing towers.
- Our strong business continuity plans and continuous investment in disaster recovery modules enable us to ensure uninterrupted operations.

**Outcome Achieved in FY 2019-20**



**Industry Risk**

Uncertainties in the Indian economy could materially and adversely impact our revenue and liquidity position, especially the consolidation in the telecom industry and changing telecom regulations.



**Mitigation Plan**

- The Indian economy is showing signs of recovery and despite the current situation of the telecom industry, the sector is expected to recover soon. At Bharti Infratel, we are geared to explore new opportunities including digital India, smart city projects and 5G tower set-up.
- Moreover, long term contracts with our customers and increasing data consumption usage, are expected to mitigate any foreseeable risk.

**Outcome Achieved in FY 2019-20**



## Risk Management

### External Risk



#### Client Concentration Risk

We depend on a relatively small number of customers for most of our revenue. Consolidation or financial instability of any of our customers may materially decrease our revenue and adversely affect our financial condition.

Level of Risk



High

#### Mitigation Plan

- We sign long-term contracts with our marquee customers that encompass exit charge clause to safeguard our revenue.
- We are widening our tower portfolio and capitalizing on growing market opportunities to further expand our revenue streams.

#### Outcome Achieved in FY 2019-20

Net tower additions of

**3,095\*** and **1,665#**

are highest in nine years



### Internal Risk



#### Technology Risk

The technological landscape has been evolving at a rapid pace. The inability to adapt to new technologies or network architecture may reduce the demand for our infrastructure or negatively impact our revenues.

Level of Risk



Low

#### Mitigation Plan

- We significantly invest in technology that enables us to increase our revenue and provide quality service to our customers.
- Our operations are seamless owing to our strong integrated infrastructure including state-of-the-art Tower Operations Center, robust IT systems and best-in-class facilities.
- Installation of small cells, smart poles and in-building solutions are some of the latest offerings in our portfolio.

#### Outcome Achieved in FY 2019-20

**99.95%**



Uptime

\*Consolidated basis

#Standalone basis

## Internal Risk



### Liquidity Risk

Unable to meet our short term obligations and future cash requirements may have an adverse impact on the business.

Level of Risk



Low

#### Mitigation Plan

- Stringent working capital management, ensures timely fulfilment of financial obligations.
- Proper monitoring of cash accruals to ensure a strong balance sheet.

#### Outcome Achieved in FY 2019-20

₹(31,668) Mn



Net Debt / (Net Cash) without lease liabilities



### Governance Risk

Lack of transparency in operations and unethical practices may result in loss of confidence and trust of stakeholders.

Level of Risk



Low

#### Mitigation Plan

- Ethical and transparent practices form the backbone of Bharti Infratel.
- We have a strong corporate governance framework in place.
- Constant monitoring and assessment of risk by Audit and Risk management committee at every level, to assure seamless operations.

#### Outcome Achieved in FY 2019-20

2



Grievances received from shareholders and promptly resolved in time

# Stakeholder Engagement

## Our Main Stakeholders



### Investors

Shareholders

Fund Managers

Equity and Credit Research Analysts

Institutional investors (Foreign and Domestic)



### Regulatory Bodies and Government

SEBI

ICAI/ICSI

Ministry of Corporate Affairs

Tax authorities

Municipal Authorities

RBI

State and Central Government

TRAI

Department of Telecommunications (DoT)



### Business Partners

Suppliers

Landlords

Bankers

#### Why they are Important



Investors are at the core of our existence. We work to create long-term value for them. Through various modes of communication, we interact with our investors to solicit feedback and discuss pressing issues and priorities.

#### Material Issues



- Capital allocation
- Credit rating
- Governance






We engage with regulatory bodies to stay up-to-date with regulatory trends and issues as well as to leverage opportunities to participate and shape the development of standards and regulations. We also closely work with the government to take up projects of national interest.

- Transparent business practices
- Ethical code of conduct
- Credit Rating

We rely on a number of business partners, including suppliers, bankers and landlords, for smooth and uninterrupted operations on a daily basis.

- Brand Reputation
- Ethical and transparent business practices
- Supply chain management



Expectations	Engagement Platforms and Frequency	Value Created in FY 2019-20
<p>↓</p> <ul style="list-style-type: none"> <li>▪ Growth in RoE</li> <li>▪ Timely dissemination of material information and communication</li> <li>▪ Growth in Dividend and EPS</li> <li>▪ Strong Balance sheet and effective risk management</li> </ul>	<p>↓</p> <ul style="list-style-type: none"> <li>▪ Annual general meeting</li> <li>▪ Quarterly Investor calls and presentation</li> <li>▪ Annual report</li> <li>▪ Press release</li> <li>▪ Website updates</li> <li>▪ Stock Exchange releases</li> <li>▪ Investor Analyst Meets</li> </ul>	<p>↓</p> <p><b>₹9.44</b> </p> <p>EPS</p> <p><b>20.46%</b> </p> <p>RoE</p> <p><b>₹10.50</b> </p> <p>Dividend per share</p>
<ul style="list-style-type: none"> <li>▪ Proper disclosure of business information</li> <li>▪ Compliance with industry norms, laws and regulations</li> <li>▪ Generation of employment</li> <li>▪ Participating in various industry forums and meets</li> </ul>	<ul style="list-style-type: none"> <li>▪ Quarterly and Annual Compliance Reports</li> <li>▪ Financial and Statutory audits at regular intervals</li> <li>▪ Timely payment of taxes and levies to government</li> <li>▪ Adherence to environmental laws – On an ongoing basis</li> <li>▪ Representations made through industry bodies to regulators, on industry specific/ macro level issues</li> </ul>	<p><b>₹20,815 Mn</b> </p> <p>Contribution to exchequer</p>
<ul style="list-style-type: none"> <li>▪ Timely payment</li> <li>▪ Fair trade practices</li> </ul>	<ul style="list-style-type: none"> <li>▪ Business partner survey</li> <li>▪ Regular structure meetings</li> <li>▪ Annual vendor/partner meet</li> <li>▪ Real time update on ‘Supplier Portal’</li> <li>▪ Co-development projects</li> </ul>	<p><b>75</b> </p> <p>Number of people in supply chain team (on-roll)</p>

## Stakeholder Engagement

# Our Main Stakeholders



### Employees

Permanent employees

Contractual employees



### Customers

Wireless network operators

Bhopal Smart City Development Corporation Limited



### Communities

NGOs

Community/ Society

Underprivileged individuals

#### Why they are Important



Our people are the foundation of our success. We leverage their skills and competencies to execute our growth plans and strategies. This enables us to maintain our market share and sustain our future.

#### Material Issues









- Operational efficiency
- Occupational health and safety

Our customers are invaluable assets and are fundamental to our sustained growth. They rely on our infrastructure and expertise to support their network. We strive to provide quality services that meet their diverse needs.

- Brand reputation
- Operational efficiency

Our CSR project beneficiaries are part of our larger family of stakeholders. Through our functioning, we strive to create value for the communities in which we operate. We engage through our CSR initiatives and other community connect programmes.

- Socio-economic responsibilities

Expectations	Engagement Platforms and Frequency	Value Created in FY 2019-20
<p>↓</p> <ul style="list-style-type: none"> <li>Performance based reward system</li> <li>Timely payment of remuneration</li> <li>Growth opportunities</li> </ul>	<p>↓</p> <ul style="list-style-type: none"> <li>Regular updates through internal communication</li> <li>Employee engagement initiatives – Ongoing</li> <li>Training and development programmes – Ongoing</li> <li>Employee satisfaction survey</li> <li>Instituted ESOP schemes</li> <li>Succession planning and internal placement</li> </ul>	<p>↓</p> <p><b>₹20.76 Mn</b> </p> <p>Spent towards training and development initiative</p> <p><b>75%</b> </p> <p>Internal succession rate*</p> <p><b>1,295</b> </p> <p>Man days of training</p>
<ul style="list-style-type: none"> <li>Quality service</li> <li>Service cost</li> <li>Digitization of operations</li> <li>Use of new-age technologies</li> </ul>	<ul style="list-style-type: none"> <li>Master Service agreement</li> <li>Customer satisfaction survey – annual</li> <li>Customer meets – Ongoing</li> <li>Safety awareness initiatives</li> </ul>	<p><b>4.87</b> </p> <p>Customer satisfaction index</p>
<ul style="list-style-type: none"> <li>Uplifting the society at large</li> <li>Environment friendly practices</li> </ul>	<ul style="list-style-type: none"> <li>Identification of social concerns and needs for social development</li> <li>Partnership with NGOs involved in providing support to beneficiaries</li> <li>Recycling initiatives</li> <li>Initiatives to reduce our environmental footprints</li> </ul>	<p><b>₹598 Mn</b> </p> <p>Charity and donation</p> <p><b>470,000+</b> </p> <p>Beneficiaries</p>

\*Key senior management and circle leadership positions filled during the year through internal talent.

# Message from Chairman

The Company reported net tower additions of 3,095 on a consolidated basis, up **2.75x** Y-o-Y, the highest in nine years.



## Dear Shareholders,

2019-20 has proved to be a very challenging year for the global economy with the emergence of Covid-19 towards the end of the year. We at Bharti Infratel would like to extend our sincere gratitude to the frontline workers such as medical professionals, essential workers, first responders, etc. who continue to put their lives at risk every day for the wellbeing of the larger community in fighting this global crisis.

We as part of the passive infrastructure industry along with our customers, the Telecom Service Providers (TSPs) are covered under essential services that have continued to operate during the nationwide lockdown announced by the Ministry of Home Affairs since late March 2020. The sector as a whole has come together to support the entire nation operate remotely as demand for connectivity surged following the lockdown.

On the sector developments, the Indian Telecom Industry has witnessed exponential wireless growth over the last few years driven by affordable tariffs, enhanced nationwide coverage for 3G and 4G, rising smartphone penetration along with proliferation of applications and content, etc. In the financial year 2019-20, we continued as the global leader in wireless data consumption, which was accentuated by the impact of Covid-19 at the end of the year.

There were few other significant legal and regulatory developments during the year, the most notable being the Hon'ble Supreme Court's judgement on the 15-year old legal case on the Adjusted Gross Revenues. The Hon'ble Supreme Court in its judgment dated October 24, 2019 passed in the favour of the Department of Telecommunications and held that the definition of Gross Revenue as defined under Clause 19.1 of the License granted by the

Government of India to the Telecom Service Providers (TSPs) that all telecom revenues should form part of the AGR for the purposes of determining the license fee. The resultant accumulated amounts due along with interest and penalty have led to a financial setback for the TSPs. Most recently, on March 18, 2020, the Hon'ble Supreme Court directed that no self-assessment or re-assessment be permitted and denied modification of the Supplementary Order which had directed payment of the due amounts. Earlier, the Department of Telecommunications (DoT) had filed an application before the Hon'ble Supreme Court, requesting that TSPs be allowed to spread the payment of AGR dues over 20 years, at a reduced interest rate of 8%, in a bid to prevent an adverse impact on the economy, jobs and millions of consumers. On March 18, 2020, the Hon'ble Supreme Court also ordered that the application filed

by the DoT would be considered in the subsequent hearing. Over the next two hearings in June 2020, the Hon'ble Supreme Court observed that in order to grant staggered payment, a 'reasonable portion of AGR dues' needs to be paid upfront to demonstrate commitment towards payment of AGR dues. The Hon'ble Supreme Court has also asked TSPs to furnish financial statements for the past 10 years and has allowed time till the third week of July'20 to Department of Telecommunications to consider the proposals by TSPs.

As a fallout of the AGR matter, all the TSPs hiked tariffs which was a welcome first step towards sustained financial health of the sector, after many years of intense price competition which has led to significant revenue erosion. The Telecom Regulatory Authority of India (TRAI) has also subsequently issued a consultation paper on "Tariff Issues of Telecom Services" to invite comments from all the stakeholders, on various issues relating to tariff in telecom sector to ensure the long-term financial health of the sector, including introduction of floor prices.

On the infrastructure side, TRAI completed the public consultation on enhancement of scope of Infrastructure Providers-I (IP-I) category to include active infrastructure in addition to passive infrastructure and accordingly issued industry favorable recommendations to DoT on March 13, 2020 to meet the present need of telecommunication services in the country. Acceptance of these favorable TRAI recommendations will enable companies like ours to significantly enhance scope of services and to provide passive as well as active infrastructure services to the enhanced service providers including TSPs.

Coming to the operational and financial aspects of the Company; in 2019-20 we witnessed positive developments on both new business demand and co-location churn. Infratel on a consolidated basis reported 7,135 gross co-location adds up 3.7% Y-o-Y and net tower additions of 3,095 (up 275% Y-o-Y). As on March 31, 2020, the consolidated tower base stood at 95,372 with co-locations at 174,581 with a co-location factor of 1.83 at closing.

In terms of the financial highlights of the full year, it is important to highlight that the reported results for FY19-20 are not comparable to the FY18-19 due to 1) Impact of IndAS 116 i.e. lease accounting w.e.f. 1.4.2019. 2) Reduction in income tax rate from 35.94% earlier to 25.17% in FY19-20. However, for a smooth transition and to aid analysis, this year the Company in its quarterly reports has also presented the results adjusted for impact of IndAS116.

For the financial year 2019-20, consolidated revenues were at ₹146,472 Mn, up 0.4% Y-o-Y. Consolidated EBITDA was at ₹74,422 Mn, up 23% Y-o-Y. Operating free cash flow was at ₹43,464 Mn, up 3% Y-o-Y and consolidated profit after tax was at ₹32,987 Mn, up 32% Y-o-Y. Excluding the impact of IndAS 116, revenues, EBITDA and OFCF for the full year declined by 2%, 3% and 5% Y-o-Y respectively - mainly attributable to co-location exits, while PAT grew by 27% Y-o-Y mainly due to lower taxation. ROCE pre-tax and ROE post-tax were both at ~24% for the year.

The Company has declared three interim dividends of ₹3.75, ₹2.65 and ₹4.10 per equity share for financial year 2019-20. This led to total dividend of ₹10.50 per equity share for financial year 2019-20.

Our new ventures such as smart cities are progressing well. During the year, we commenced commercial operations of the Bhopal Smart City project. Indus has also recently won the bid for Dehradun Smart City project and the contract has been signed subsequently. This is the third win for Indus after New Delhi Municipal Corporation (NDMC) and Vadodara Smart City projects that are already operational.

On the merger with Indus Towers announced on April 25, 2018, the initial Long Stop Date for the Scheme was October 24, 2019. The Company received approval from Department of Telecommunications for FDI on February 21, 2020, however as other actions/conditions precedent for the Scheme to become effective could not be completed, the Board of Directors further extended the Long Stop Date till August 31, 2020, subject to agreement on closing adjustments and other conditions precedent for closing, with each party retaining the right to terminate and withdraw the scheme at any time.

To conclude, our outlook on the sector remains constructive in the light of rising demand and improvement in tariffs. With the expected introduction of newer technologies like 5G in the coming years and the need for a better connected nation in a post-Covid world, we can only expect the role of passive infrastructure players like us to intensify. We are fully committed to supporting the Government and our customers, the TSPs in the journey of India becoming a global benchmark in digital connectivity and inclusion.



**Akhil Gupta**  
Chairman

# Message from Managing Director & CEO

For the year,  
the Company  
reported  
consolidated  
revenues of  
**₹146,472  
Mn**



## Dear Shareholders,

Hope that you and your families are staying safe and healthy as we fight the global pandemic Covid19. This has emerged to be one of the most serious public health crisis of our times. At the onset, we would like to extend our sincerest gratitude to all the medical professionals, other essential workers and early responders who are working tirelessly in the frontlines to ensure safety of all citizens.

Ever since the lockdown was implemented, everyone has realized the importance of voice and data connectivity not only for being in touch with their near and dear ones, but also for working from home. Ergo, the Government had notified telecommunication services as one of the essential services which, along with its supply chain, continued to operate during the lock down. We, at Infratel, had formulated various Business Continuity Plans (BCP), which were kicked in time to ensure our systems and processes were fully in place enabling all employees to

seamlessly work from home. I would like to applaud efforts of our field staff and partners for maintaining the vital telecom connectivity 24x7 for all the service providers while maintaining the safety norms to keep themselves and their families safe. We also fulfilled any rollout requirements of the service providers to meet the data surge from all industries conducting their operations remotely. Hence, we feel the telecom industry, in general, has been one of the least negatively impacted industries due to Covid19 so far and there is no significant financial impact of COVID19 pandemic on the Company as well.

Coming to the sectoral developments, FY 2019-20 proved to be yet another eventful year for the Indian telecom industry. After many years of intense consolidation and price wars leading to lowest price points across the world and strain on the financial strength of the operators, the operators have now started to focus on improving their financial strength. They have raised capital – both equity and debt and

increased tariffs during the year. They have also indicated that the current ARPUs are unviable and further tariff hikes are inevitable. This is helping them to rollout aggressively for a strong 4G Pan-India presence. This should improve the health of the sector and result in stronger rollouts for us.

As mentioned, stronger operators mean stronger rollouts for us - we witnessed the same in form of increased tower additions. On a consolidated basis, we have doubled the gross tower additions in the last year which is the highest in the last nine years. Despite the increased tower rollout, we have maintained a healthy closing co-location factor of 1.83. With this the consolidated tower base stands at 95,372 and consolidated co-locations at 174,581. For the year, the Company reported consolidated revenues of ₹146,472 Mn (up 0.4% Y-o-Y), consolidated EBITDA at ₹74,422 Mn (up 23% Y-o-Y), and consolidated profit after tax at ₹32,987 Mn (up 32% Y-o-Y). The Company has declared total dividend of ₹10.50 per equity share, translating to total payout of ₹19,421 Mn (excluding dividend distribution tax) for FY 2019-20.

Another significant development was the Hon'ble Supreme Court's judgment on Adjusted Gross Revenue (AGR) on October 24, 2019. The Hon'ble Supreme Court ruled in the favor of the Department of Telecommunications (DoT), that, as per the definition of Gross Revenue as defined under the Universal License (UL) granted to the operators, AGR is payable on all revenues and directed the affected parties to deposit the disputed amount plus interest and penalties. Post the judgment, DoT has filed an application with the Hon'ble Supreme Court to provide operators a 20 year window for payment of the dues, at reduced interest rate of 8%.

In the last hearing in June 2020, the Hon'ble Supreme Court observed that in order to grant staggered payment, a 'reasonable portion of AGR dues' needs to be paid upfront and has also allowed time till the third week of July'20 to Department of Telecommunications to consider the proposals by TSPs. We are hopeful for a favorable outcome on this application which will help maintain the current industry structure and help boost long term investments by operators in their networks.

On the merger with Indus Towers, the scheme, which was announced on April 25, 2018, has received all necessary approvals including approvals from NCLT bench and DoT for FDI. The long stop date for the Scheme had been extended by the Board of Directors till August 31, 2020, subject to agreement on closing adjustments and other conditions precedent for closing, with each party retaining the right to terminate and withdraw the scheme at any time. The scheme would result in creating one of the largest tower companies of the world. The final decision to implement the scheme will be taken by the Board keeping in mind the best interest of the Company and its stakeholders.

Further, we have also completed Phase 1 of Bhopal Smart City project and started commercial operations of its assets. The intent of smart cities is to create sustainable cities providing good quality life to its citizens wherein a strong common connectivity infrastructure has been shared with all possible smart applications. I am also pleased to report that our JV partner Indus Towers has added another smart city to our portfolio – Dehradun. Now we have four smart cities between the two companies. We see Smart Cities to be a big opportunity for infrastructure providers to create a robust and scalable common infrastructure for telecom connectivity on a shared basis.

On the operational front, we continue to focus on maintaining uptime as hygiene for our customers. We also focus on diesel consumption reduction through

Green Towers P7 and Zero Emission Network (ZEN) to stay close to our vision of Environment Friendliness. As of March 31, 2020, we have managed to turn ~38% of the sites into 'Green Sites' on a standalone basis. I am pleased to report that, in the last quarter of FY20, we achieved ~84% reduction of diesel consumed per kW since 2010.

During the year, the Company has spent ₹477 Mn (2% of average net profit of previous three financial years) towards CSR expenditure as per requirement of Companies Act 2013. Further, Infratel has already contributed ₹250 Mn on April 2, 2020 to PM CARES Fund for India's fight against Covid19 from the FY 2020-21 CSR budget.

Another major development was adoption of new accounting standard, IndAS 116 on leases. This new standard affects us on two counts, first is on the rental revenues from customers and second is on landlord rentals. The rental revenues will be straight-lined over the remaining period of the contract and the landlord rentals will be treated as financial leases. We have adopted this standard as per the modified retrospective method as allowed by the standard which does not require restatement of previous periods.

During the year, there were many regulatory developments as well. First, TRAI had floated a paper for recommendations on "Review on Scope of Infrastructure Providers Category 1 (IP1) Registration" and submitted its recommendations to DoT as well. The recommendations include enhancing the scope to include active elements like antenna etc. On positive ratification by DoT, this would result into new revenue opportunities in adjacent lines of business beyond passive infrastructure sharing. Second, DoT has released guidelines regarding issuance of 5G trial licenses. As per media reports, operators along with OEMs have filed their 5G trial application with DoT and are awaiting necessary spectrum and go-ahead for the trials. Last, TRAI has issued a consultation paper to deliberate and decide on

the fixation of floor tariff for telecom services. We feel a healthy ARPU would be critical to the financial strength of the operators.

Industry bodies have also appreciated our achievements outlined above through various awards - Telecom Equipment & Infra Services category at Dun & Bradstreet Corporate Awards 2019 for contribution in building an India of tomorrow; Aegis Graham Award under Innovative Smart City Solutions for Bhopal Smart City; Leadership Award - Best Business Excellence Framework-2020" by "RE Assets India"; and Best Legal Team by National Bar Association. These awards are a great testimony to the collaborative efforts put in by the Company at different levels.

At the center of all these achievements, is the theme of people excellence. Hence, we believe in investing in our people to ensure they are highly customer-centric and goal oriented in their day-to-day tasks. We are also proud to report that we have managed to place 35 diversity candidates in frontline workforce this year.

We take this opportunity to express our gratitude to all our stakeholders - shareholders, customers, partners and employees for their continued belief and support. We remain confident of the long-term potential of Indian telecom industry. The ongoing digital revolution, the next-generation technologies such as 5G, Smart cities, IoT, and the need for a better network in a post Covid19 world will open up new avenues for telecom infrastructure. Post the imminent merger of Infratel and Indus, the combined entity will have a unified, nationwide presence along with very strong financial muscle to invest and capitalize on these upcoming opportunities.

Warm Regards,



**D S Rawat**

Managing Director and  
Chief Executive Officer



# Profile of Board of Directors

**Akhil  
Gupta**



Mr. Akhil Gupta is the **Chairman** of Bharti Infratel Limited and Vice Chairman of Bharti Enterprises. He has played a pivotal role in Bharti's phenomenal growth right since inception - both organically and by way of various acquisitions.

He has led the formation of various partnerships for Bharti with leading international operators like British Telecom, Telecom Italia, Singapore Telecom and Vodafone in addition to induction of leading financial investors like Warburg Pincus, Temasek, KKR, Qatar Foundation Endowment, AIF and Sequoia among many other Private Equity funds. He has also been instrumental in raising several billion dollars by way of project finance for the Group over the years from global banks, bond markets and Export Credit Agencies (ECAs).

He has conceptualized and implemented the transformational initiatives that include the outsourcing deals undertaken by the group in the areas of Information Technology (IT) with IBM and Network Management. He has also been responsible for the separation of passive mobile infrastructure and forming Indus Towers - a Joint Venture with

Vodafone and Idea, which is one of the largest tower companies in the world and is a unique example of collaborating at the backend while competing at the front end.

In 2010, he was instrumental in the acquisition of Zain Group's mobile operations in 15 countries across Africa.

He has also spearheaded the successful public listings of Bharti Airtel (2002), Bharti Infratel (2012) and Airtel Africa (2019) and has been instrumental in introducing Global benchmarks like full Quarterly audits and transparent Quarterly reports to provide all relevant information to investors & stakeholders. Consequently, Bharti Airtel and Bharti Infratel have been constantly awarded highest ratings for Corporate Governance and are acknowledged globally for highest standards of ethics.

He is currently the Chairman of TAIPA (Tower and Infrastructure Providers Association), President of TSSC (Telecom Sector Skill Council) and a member of the Advisory Committee on Service Providers of Insolvency and Bankruptcy Board

of India. He represents the Indian Telecom Industry and Bharti regularly at various forums and important seminars in India and abroad.

He is a Chartered Accountant by qualification with over 40 years of professional experience. He has also done an "Advanced Management Program" at the Harvard Business School in the year 2002.

He is the recipient of numerous awards which include Voice&Data Lifetime Contribution Award, EY Entrepreneur of the Year Award as an Entrepreneur CEO, CA Lifetime Achievement Award by ICAI, Lifetime Achievement Award by Amity University, CEO of the Year award at National Telecom Awards, CA Business Achiever award by ICAI, Asia Corporate Dealmaker award at the Asia Pacific M&A Atlas Awards, Best CFO awards in multiple categories by CNBC-TV18 and induction to Hall of Fame by CFO India.

## Anita Kapur



Ms. Anita Kapur is an **Independent & Non-Executive Director** of the Company. She joined the Indian Revenue Service (IRS) in 1978, held the position of Chairperson, Central Board of Direct Taxes (CBDT) during 2014-15. As Chairperson and earlier as Member CBDT (2012-14), and post retirement as Adviser in the Ministry of Finance (2015-16), she played a significant role to formulate taxpayer-friendly administrative measures and policy reforms to simplify tax laws, apply technology to enable tax assessments in an E- environment, reduce litigation, facilitate compliance, counter tax evasion and collect taxes fairly.

She did secondment stints with the Foreign Tax and Tax Research (FT&TR) Division and the Tax Policy & Legislation (TPL) Division of the Ministry of Finance; the capital market regulator of India i.e. SEBI; and the Banking Division (currently known as Department of Financial Services) of the Ministry of Finance.

She was a Director on the Boards of Delhi Stock Exchange, Jaipur Stock Exchange, Kanpur Stock Exchange and Ludhiana Stock Exchange as nominee of SEBI. She was also

Government of India's nominee on the Boards of Directors of Andhra Bank, Oriental Bank of Commerce, State Bank of Hyderabad, State Bank of Bikaner and Jaipur, Punjab and Sind Bank and Institute of Chartered Accountants of India. In her personal capacity as a Tax Expert, she was made a Member of the UN Committee of Experts on International Cooperation in Tax Matters (2009-2013), and then was elected as Vice Chairperson of this Committee twice, covering the entire term of her membership, in recognition of her proficiency in International Tax matters.

Her last assignment with the Government was as a Member of the Competition Appellate Tribunal (COMPAT) during 2016-2017.

### Board Committees

**C** Chairman      **M** Member

- 1 Audit & Risk Management Committee
- 2 HR, Nomination and Remuneration Committee
- 3 Stakeholders' Relationship Committee
- 4 Committee of Directors
- 5 Corporate Social Responsibility Committee

## Profile of Board of Directors

**Bharat Sumant Raut**



C1

Mr. Bharat Sumant Raut is an **Independent and Non-Executive Director** of the Company and Chairman of the Audit & Risk Management Committee. He holds Bachelor's degrees in Law and Commerce from the University of Bombay. He is a Chartered Accountant and a Fellow member of ICAI. He was associated with Sharp and Tannan, Chartered Accountants as a partner, with Price Waterhouse, Chartered Accountants as a partner and with B S R & Co. LLP, (originally Bharat S Raut & Co.), Chartered Accountants and BSR & Associates LLP (originally BSR & Associates), Chartered Accountants, as their founding partner. Since 2006, he is a member of the Bar Council of Maharashtra & Goa and has been practicing as an Advocate. He serves as an Independent and Non-Executive Director on the Board of various public companies and as Chairman and member of various Board Committees. He is also a Non-executive Director on the Boards of private companies.

**D S Rawat**



M3 M4 M5

Mr. D S Rawat is the **Managing Director and CEO** of the Company. He is part of the Company since 2010. He is also a member of the Executive Council Committee of Tower and Infrastructure Providers Association (TAIPA) and the Northern Regional Council of Confederation of Indian Industry (CII). He is an engineering graduate in Electronics & Communications. He had spent his initial years of professional life as an officer with the Indian Air Force. He has also done an Advanced Management Programme at the Wharton, University of Pennsylvania. He holds over 31 years of Telecom in-depth experience in handling P&L, technology, rollouts and regulatory interfaces - both from operator and supplier perspective. Previously, he has worked with leading telecom Companies like Ericsson and Huawei.

**Jitender Balakrishnan**



M1

Mr. Jitender Balakrishnan is an **Independent and Non-Executive Director** of the Company. He holds a Bachelor's degree in Mechanical Engineering from the University of Madras and a Post-Graduate Diploma in Industrial Management from the University of Bombay. He has experience in the financial sector with IDBI Bank Ltd, where he was the Deputy Managing Director and Group Head, Corporate Banking, and thereafter, as an Advisor to the said Bank. He has served as an Advisor to IDFC Bank Ltd and various Corporates, besides serving as an Independent Director on the Boards of various Public companies including listed companies and Chairman/ Member of various Committees of these Boards.

**Leena Srivastava**



Dr. Leena Srivastava is an **Independent and Non-Executive Director** of the Company. She assumed the position of Deputy Director General for Science of the International Institute for Applied Systems Analysis (IIASA), in Vienna, Austria in November 2019. In her new role, she provides interdisciplinary scientific leadership to the institute to ensure that IIASA research stays at the forefront of scientific endeavor for sustainability.

Prior to this, for about seven years, Dr. Srivastava was the Vice Chancellor of the TERI School of Advanced Studies (TERI SAS) in New Delhi, India. TERI SAS is a research University with about 180 Phd students and close to 500 Masters students. It specializes in providing specialized education in sustainability studies.

Dr. Srivastava started her career in The Energy and Resources Institute (TERI) and worked there for more than three decades, exiting as the Executive Director. TERI is an independent not-for-profit research institution, with a staff size of nearly a 1,000 people, working in the areas of energy, environment and sustainable development. At TERI, Dr. Srivastava worked on a range of issues covering

energy and environment policy/ planning, energy economics and climate change.

During her career, Dr. Srivastava served on several Corporate Boards, Government Committees and Boards/Councils of international organisations. Some of these are: Member of the President’s Climate Change and Sustainability Advisory Board of ADB; Co-Chair of the Science Advisory Group on Climate Change to the UN Secretary General; Member of the United Nations Secretary-General’s High-level Group on Sustainable Energy for All; Member of the Expert Committee to formulate India’s Energy Policy, and Member of the National Security Advisory Board of the Government of India. She served on the sustainability advisory boards of multinational companies – The Coca Cola Company, Caterpillar Inc and Suez Environment. She also served on the Boards of Reliance Infrastructure, Torrent Pharmaceuticals, Shree Cement and Bharti Infratel.

She was a coordinating Lead Author of the 3<sup>rd</sup> IPCC Report and cross-cutting theme Anchor on “Sustainable Development” for the 4<sup>th</sup> IPCC Report. She serves on the Boards/

research advisory councils of various academic institutions of international repute.

She has a PhD in Energy Economics from the Indian Institute of Science in Bangalore and has a number of publications to her credit. She was on the editorial boards of various international journals dealing with energy and environment issues.

### Board Committees

**C** Chairman      **M** Member

- 1 Audit & Risk Management Committee
- 2 HR, Nomination and Remuneration Committee
- 3 Stakeholders’ Relationship Committee
- 4 Committee of Directors
- 5 Corporate Social Responsibility Committee

## Profile of Board of Directors

**N Kumar**



C2 C5

Mr. N Kumar is an **Independent and Non-Executive Director** of the Company and is the Chairman of HR, Nomination and Remuneration Committee and Corporate Social Responsibility (CSR) Committee.

Mr. N Kumar is an Electronics Engineering Graduate from Anna University, Chennai and a fellow member of the Indian National Academy of Engineering. He is also a fellow life member of The Institution of Electronics and Telecommunication Engineers and The Institute of Electrical and Electronics Engineers, Inc., New York (IEEE).

He is the Vice Chairman of The Sanmar Group, Chennai and is the Honorary Consul General of Greece in Chennai. He is on the Board of various public companies and has over four decades of experience in the spheres of Electronics, Telecommunications, Chemicals, Engineering, Technology, Education, Management and Finance.

Mr. N Kumar has served as a President at the Confederation of Indian Industry and is also the President of the Indo-Japan Chamber of Commerce & Industry. He is the Chairman of Madhuram Narayanan Centre for Exceptional Children and Managing Trustee of The Indian Education Trust, which runs two schools.

**Rajan Bharti Mittal**



C3 M2 M4 M5

Mr. Rajan Bharti Mittal is a **Non-Executive Director** of the Company. He is also the Vice Chairman of Bharti Enterprises, one of India's leading conglomerates with diversified interests in telecom, insurance, real estate, agri and food in addition to other ventures. Bharti has joint ventures with several global leaders: Singtel, AXA, Del Monte, SoftBank and Brightstar.

Bharti Airtel, the flagship company of Bharti Enterprises, is among the world's largest telecommunications companies offering mobile, fixed broadband, digital TV solutions and mobile commerce to over 400 Mn customers in 18 countries across India, South Asia and Africa.

Born in 1960, Mr. Rajan joined Bharti Enterprises after graduating from Punjab University. An alumnus of Harvard Business School, he is actively involved in overseeing the activities of the group at the corporate level. With his rich experience in marketing, he is also involved in many of the new business ventures of the Group.

Mr. Rajan serves as a member of several industry associations and policy-making bodies. He is currently on the Board of Trustees of Brookings Institution, the world's oldest and

most prestigious think tank and a member of the President's Council on International Activities (PCIA), Yale University. He is also a member of the India-France CEO Forum and India-Singapore CEO Forum.

He served as the President of International Chamber of Commerce (ICC) India in 2012-13. He was also the President of Federation of Indian Chambers of Commerce and Industry (FICCI) for the year 2009 - 2010 and is currently a Member of its Executive & Steering Committees. Mr. Rajan has also served as the President of Association of Basic Telecom Operators (now known as Association of Unified Telecom Service Providers of India - AUSPI) for 1999-2000.

Mr. Rajan has been honored with the "Indian Business Leader of the Year Award 2011" by Horasis, The Global Visions Community and has also been awarded the "Leonardo International Prize 2012" by Comitato Leonardo, the Italian Quality Committee.

**R P Singh**



Mr. R P Singh is an **Independent and Non-Executive Director** of the Company. He holds a master’s degree in mathematics from Advanced Centre for Pure Mathematics, Punjab University, Chandigarh. He taught pure mathematics & statistics to graduate classes, before he joined the Indian Administrative Service.

He has wide experience in regulatory areas of finance, industry, urban development and infrastructure. He worked both as Commissioner of Hyderabad Municipal Corporation & Vice Chairman of Hyderabad Urban Development Authority. Mr. R P Singh was also Managing Director of Andhra Pradesh Industrial Development Corporation and Commissioner of Taxation in Andhra Pradesh. He was posted to Punjab & Sind Bank as Chairman in March, 2005 to September, 2009.

He retired as Secretary to Government of India in the Department of Industrial Policy & Promotions and post retirement was appointed by the Government of India as Chairman of National Highways Authority of India (NHAI). At present, he is also holding the directorship with Maruti Suzuki India Limited, Macrotech Developers Limited and IRB Infrastructure Pvt. Ltd.

**Tao Yih Arthur Lang**



Mr. Arthur Lang is a **Non-Executive Director** of the Company. Mr. Arthur, 47, is CEO, International, having joined Singtel in January 2017. His main responsibilities include overseeing the growth of the Group’s regional associates across Africa, India, Indonesia, the Philippines and Thailand, strengthen their relationships with overseas partners, and drive regional initiatives, such as the regional mobile financial and gaming businesses, for scale and synergies.

Prior to joining Singtel, Mr. Arthur was Group Chief Financial Officer of CapitaLand Limited, where he also ran CapitaLand’s real estate fund management business. Prior to CapitaLand, he was at Morgan Stanley where he was Co-head of the Southeast Asia investment banking division and Chief Operating Officer of the Asia Pacific investment banking division.

Mr. Arthur is a board member of Globe Telecom, Bharti Infratel Limited, NetLink NBN Trust, the Land Transport Authority of Singapore, Airtel Africa, the National Kidney Foundation and the Straits Times School Pocket Money Fund.

He also sits on the Advisory Board of the Lee Kong Chian School of Business, SMU. In 2018, Arthur was awarded the Public Service Medal for his contributions.

Mr. Arthur has an MBA from the Harvard Business School and a BA in Economics (magna cum laude) from Harvard University.

### Board Committees

**C Chairman**      **M Member**

- 1 Audit & Risk Management Committee
- 2 HR, Nomination and Remuneration Committee
- 3 Stakeholders’ Relationship Committee
- 4 Committee of Directors
- 5 Corporate Social Responsibility Committee



# Financial Capital



**To confidently sustain Bharti Infratel's market prowess in a competitive landscape, we strongly remain rooted in the tenacity of our financial capital. The ability to expand our horizon, explore new opportunities and proficiently deliver results stems from our attitude of maximizing financial stability through calculated efforts.**

Strengthening the roots of  
Digital India



## Key Performance Indicators (Standalone)\*

### Performance



#### Decrease in revenue

### Rationale

Revenue from operation marginally decreased due to continued consolidation on the operator front off set with new roll outs and settlement of exit charges during the year.

(₹ in Mn)

16/17	60,847
17/18	66,180
18/19	68,217
<b>19/20</b>	<b>67,383</b>



#### Increase in reported EBITDA

EBITDA increased significantly due to introduction of Ind AS 116, where expenditure incurred as rent has been treated in accordance with Ind AS 116, hence the increase is notional. However, excluding impact of Ind AS 116 EBITDA has declined marginally due to decrease in sharing revenue driven by operator consolidation which led to co-location churn. A major flowdown of the consolidation also cascaded into the current year, leading to further downfall in EBITDA.

(₹ in Mn)

16/17	28,526
17/18	31,854
18/19	31,680
<b>19/20</b>	<b>36,170</b>



#### Increase in earnings

PAT increased by 5.67% Y-o-Y in FY 2019-20 majorly due to change in corporate tax rate.

■ PAT\* (₹ in Mn)

16/17	17,540
17/18	14,129
18/19	16,529
<b>19/20</b>	<b>17,466</b>



#### Increase in return on equity

Increased Return on Equity represents growth in PAT and lower equity shareholder's balance.

(in %)

16/17	15.2
17/18	12.9
18/19	15.5
<b>19/20</b>	<b>20.5</b>

\* PAT is excluding dividend income.

# Effective April 1, 2019, the Company adopted Ind AS 116 "Leases". The result for the year ended March 31, 2020 includes the impact of Ind AS 116 and are not comparable with the past period results.

## Financial Capital

### Financial Highlights<sup>#</sup>

#### Revenue

₹68,217 Mn  
FY 2018-19

₹66,088 Mn

FY 2019-20



Revenue from operation marginally decreased due to network optimisation by operator post their consolidation off set with new rollouts and settlement of exit charges during the year.

#### Profit after Tax<sup>2</sup>

₹16,529 Mn  
FY 2018-19

₹17,008 Mn

FY 2019-20



Profit after Tax mainly increased due to reduced corporate tax rate during the year.

#### Sustained EBITDA<sup>1</sup>

₹28,905 Mn  
FY 2018-19

₹29,905 Mn

FY 2019-20



Despite the financial and operational turbulence in the telecom sector in the recent past, we remain on course to deliver sustainable EBITDA year-on-year, validating our strong business model.

#### Operational Expenses<sup>3</sup>

₹10,939 Mn  
FY 2018-19





₹11,088 Mn

FY 2019-20



Operating expenses marginally increased due to new rollouts partially off set with cost optimisation during the year.

#### Capitals Linked:

-  Manufactured Capital
-  Natural Capital
-  Human Capital
-  Intellectual Capital
-  Social and Relationship Capital

Financial capital is the pool of fund available with the Company in the form of debt and equity. It is a critical input in executing our business activities and in generating, accessing and deploying other forms of capital including manufactured capital, human capital, social and relationship capital.

<sup>#</sup>All the above numbers are excluding the impact of Ind AS 116

### Cash Flow Analysis



#### Cash Flow from Operating Activities

Cash generated from operating activities for the year ended March 31, 2020 was ₹23,052 Mn as against ₹20,423 Mn for the year ended March 31, 2019.



#### Cash Flow from Investing Activities

Cash used for investing activities for the year ended March 31, 2020 was ₹10,087 Mn as against cash generated of ₹27,179 Mn for the year ended March 31, 2019: decrease of ₹37,266 Mn is due to no dividend received from Indus and lesser redemption of investments in mutual funds in the current financial year.



#### Cash Flow from Financing Activities

Cash used for financing activities for the year ended March 31, 2020 was ₹11,791 Mn as against ₹47,962 Mn for the year ended March 31, 2019: increase of cashflow ₹36,171 Mn is due to incremental borrowings and lower dividend paid during the current financial year.

<sup>1</sup>EBITDA excludes energy margin / <sup>2</sup>Profit after tax excludes dividend received from Indus / <sup>3</sup>Operating Expenses excludes power and fuel cost

# Manufactured Capital

**A future ready telecom infrastructure is the need of the hour. Sitting at the cusp of a digital revolution, we aspire to enhance our network infrastructure and ensure improvisation at multiple levels. Catering to diverse demands, we consistently enrich our portfolio to fulfil the evolving needs of our stakeholders.**

## Manufactured Capital

### Asset Portfolio

#### Ground Based Towers

36,362

FY 2018-19

37,833

FY 2019-20



Net additions during the year | 1,471

#### Roof-top Towers

4,026

FY 2018-19

4,220

FY 2019-20



Net additions during the year | 194

#### Total Co-locations

76,341

As on March 31, 2019

75,715

As on March 31, 2020



#### Average Sharing Factor

2.06

As on March 31, 2019

1.84 Times

As on March 31, 2020



### Foundation of Connectivity

Despite the regulatory and competitive struggles gripping the telecom sector, the growth in subscriber base and rise in data consumption remains unabated. The rising data consumption, eruption of new services and technologies in the telecom sector have been made possible only against the bedrock of a strong telecom infrastructure.

### Aggressive Tower Additions

Despite the uncertainty and multiple headwinds in the telecom sector, Bharti Infratel reported a net tower addition this being the highest in the last nine years. This helped offset the loss in revenue and profitability due to co-locations exits owing to the merger between two large telecom operators. These tower additions are specific to new locations with newer technologies, enabling the operators to expand their customer base and widen their service offerings.





## Future Ready Solutions

The telecom sector has remained robust in last two decades, contributing enormously to the socio-economic growth of the country. The advent of newer technologies like 5G, augmented reality, virtual reality and internet of things (IoT) has already redefined the changing landscape of telecom infrastructure. At Bharti Infratel, we have built our new infrastructure (both outdoor and indoor), to provide modern infrastructure for the operator and seamless connectivity for the end-user.

**In Building Solutions (IBS):** Bharti Infratel continues to address the increasing demand for high frequency spectrum needs in challenging urban landscapes through its wholly owned subsidiary, Smartx Services Limited. IBS possess modern telecom architecture, optimising the reach of telecom connectivity in closed environments, such as buildings, shopping malls, subways and commercial centres.

**Wi-Fi:** As Wi-Fi penetration remains low, with increasing opportunities, Bharti Infratel through its subsidiary Smartx continues to deploy active infrastructure to widen its presence in the Wi-Fi space. Our widespread and integrated network allows us to widen our presence at more locations offering enterprise Wi-Fi solutions.

**Smart Pole:** We have built Smart Poles in Bhopal Smart City. These would help to offer high speed data with 4G and any other futuristic technology. These are expected not only to provide high coverage and capacity within a limited area, but also bring along cost-efficiencies.



**Smart City:** Having secured the bidding for Bhopal Smart City Project from Bhopal Smart City Development Corp. Ltd (BSCDCL) under the public-private partnership model, we have successfully deployed state-of-the-art telecom infrastructure across

the city. Our innovative solutions, like towers, smart poles, microsite and fiberized connectivity have helped to build an impressive sustainable connected telecom architecture around efficiency and public safety.

## Manufactured Capital

# Did you know?












**Our efforts have been rewarded with awards from Aegis Graham Bell, Business World and IoT Infrastructure.**

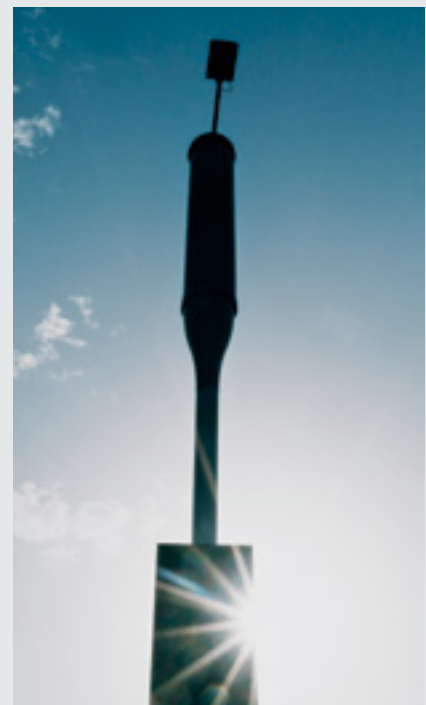


### Smart Pole – The Future of Street Connectivity

As an integral part of smart cities, smart poles are used to host telecom equipment in addition to other services. Our Smart Poles installation across Bhopal have allowed us to roll out additional connectivity points with faster time to market.

#### Key Features of a Smart Pole

-  Smart pole is telecom tower infrastructure ready to accommodate current and upcoming technology such as 4G and 5G.
-  Wi-Fi hotspot services for the city.
-  Surveillance cameras for safety and detection of parking violation.
-  Environmental Sensors to monitor air quality, temperature and humidity levels.
-  Electric Vehicle charging points to promote the use of electric vehicles in the city.
-  Mobile based application with functionality of SoS.
-  Centralized Command and Control centre for monitoring the implementation of smart solutions.
-  Optical fiber to provide better bandwidth to the Wi-Fi users/ providing backhaul to telecom operators.
-  We have also installed smart bin sensors and parking sensors, on a trial basis, to support authorities and ensure seamless services to people.



**Infratel's Contribution to Bhopal Smart City**

**Monetisation**

Of assets and revenue generation has begun in the current financial year.

**Smart Clusters: An Edge Above**

The Idea of Smart Cluster originated from a need to focus on parameters such as Cluster Uptime, cable routing and proper connections. With check points covering 73 parameters, smart clusters reflect the performance of sites in terms of achieved KPIs and compliances and consequently revamps the overall hygiene of the sites. The three pillars for smart clusters are safety, hygiene and compliance, which establishes an indispensable relation between the input and output parameters. The concept helps sustain and improve the desired output with minimal costs.

The potential benefits to any circle implementing Smart Clusters are:

- The ability to consistently provide services such as best uptime and faster turnaround time.
- Operator satisfaction due to increase in basic hygiene & ease of access at sites.
- Increasing safety standards at site, resulting in lesser number of incidents.

**Highlights**

The widespread drive to declare smart clusters, circles have fetched fruitful results in terms of uptime performance and infra KPIs.

- The maximum number of declared smart clusters, UPW, MPCG & HP achieved highest ever operational uptime in FY 2019-20.
- Fire incidences have reduced drastically in FY 2019-20.
- Better uptime performance across all the operators Y-O-Y at Infratel.

**Smart Clusters' Count**

Jan-19		3
Feb-19		4
Mar-19		9
Apr-19		17
May-19		19
Jun-19		25
Jul-19		30
Aug-19		33
Sep-19		35
Oct-19		38
Nov-19		39
Dec-19		59
Jan-20		62
Feb-20		86
<b>Mar-20</b>		<b>95</b>





## Manufactured Capital

### Robust On-field Process

Our industry leading, inbuilt mobile application was launched to drive operational efficiencies during the year under review. The application helped us to propel our network operations through a digital mode. The launch of Bharti Infratel Mobile Application (BIMA) is a step-forward in technology, enabling us to significantly improve the maintenance and control of our assets with real-time analysis. As a step forward towards building a paperless entity, BIMA is a simple, fast and comprehensive easy-to-use application that has helped automate more than 90% of our operational process. During the year, we introduced some application upgrades and modifications, that further helped drive seamless operations.

### Towers for a Greener Tomorrow

As energy continues to be a meaningful part of our operating expenditure, we are making conscious efforts to reduce our energy footprint and carbon emissions. We are working in close collaboration with our operator partners to build an environment-friendly infrastructure that is a win-win situation for everybody. While at the back end we are strengthening our green disclosures, we are continuously adapting tailor-made green solutions to ensure 24x7 network availability for operators.

**186%**



Savings in Late Payment Surcharge (LPSC) in FY20 as compared to previous year as deductions turned into rewards.

**2,500+**



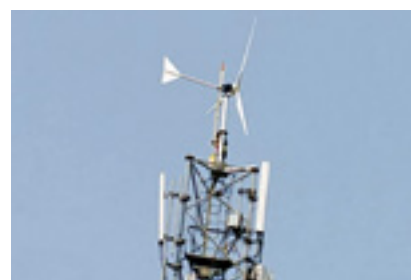
Wind & Solar-energy based towers in portfolio.

### Benefits Derived through a Green Infrastructure

- Ensuring holistic and sustainable development
- Reduced energy cost
- Reduced carbon emissions
- Reduced diesel logistics expenditure
- Regulatory Compliance
- Increase in profitability and margins

### Solar and Wind Energy-based Towers

Indigenous Solar tree with net metering solution has been designed and deployed in the Rajasthan circle at Udaipur, while a 5 kW axial wind turbine has been installed on top of the towers for trials at Rawatbhatha in Rajasthan.



### Use of Green Energy as Fuel

We have had successful trials of Piped Natural Gas (PNG) Generator in the Uttar Pradesh West Circle where a gas pipeline was available in contrast to the conventional diesel based energy used by us.



### Fuel Cells

To achieve 24x7 network availability in the North East States, where generators have limitations with regards to operating at night, we did a pilot project with the installation of Fuel Cells that have silent operation, thus meeting local community requirements and conserving the environment. Fuel cells use hydrogen as fuel and emit water vapour as residual, thereby making it one of the cleanest power generators.

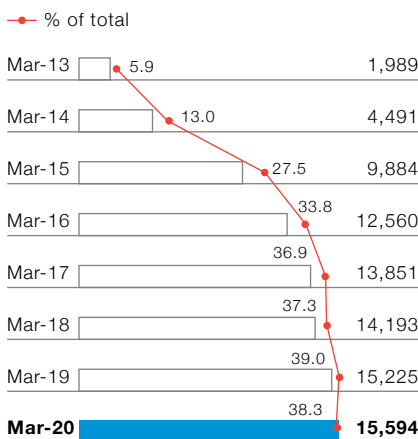
4



Fuel cell installed during the year as pilot project.



### Green Sites Trend



### USOF – Universal Access to Mobile Connectivity

USOF refers to the Universal Service Obligation Fund. Its main aim is to enable rural Indians to achieve their full potential and participate productively in the economic development of the nation, by virtue of being effectively connected through a reliable and ubiquitous telecommunication network, access to which is within their reach and means.

Universal service refers to access to phones and affordable phone services in every home. To be more precise, it means providing telecommunication services with access to a defined minimum service of specified quality, to all users everywhere, at an affordable price.

Under USOF, Bharti Airtel has been awarded the tender for offering mobile services in identified uncovered villages & providing seamless access to mobile coverage along national highways in the North eastern region. Bharti Infratel shall provide operations and maintenance service related to passive infrastructure for tower sites in the telecom circles of North East and Assam, one of the most challenging geographical areas of the country where access is difficult due to hilly terrain and inadequate electrification.



### Capitals Linked:



Financial Capital



Natural Capital




Human Capital

Our continuous efforts towards providing high quality network in varied geographies along with state-of-the art technology has enabled us to gain customer loyalty and trust, which in turn helps us to generate sustainable revenue. Investing in building and maintaining infrastructure requires significant financial capital and appropriate levels of human and intellectual capital. We also strive to reduce our impact on the environment through sustained investments in our tower infrastructure.

# Intellectual Capital

**Bharti Infratel lays immense trust in its intellectual capital to carve a niche for itself. Our unique brand equity, strategic agility and dynamic structure is a reflection of our endowed intellectual capital. By lending credibility to our operations, it drives us to dream bigger, accomplish our targets and fulfil the expectations of our diverse stakeholders.**

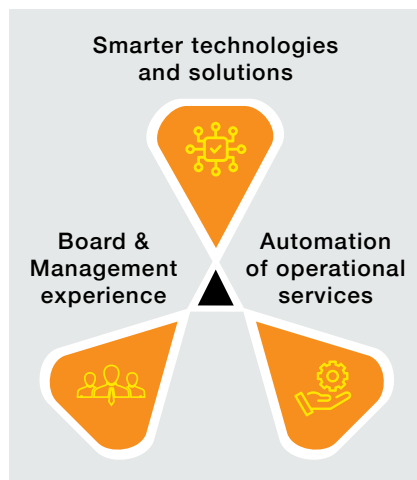


↑ Real time monitoring of multiple functions at Command Centre at Bhopal



## Intellectual Capital Framework

Innovation, investment and experience of the Board allows Bharti Infratel to continuously improve and stay ahead of the curve. The knowledge and expertise of the Board and management team, backed by introduction of automated and newer technologies form the key pillars of our intellectual capital framework.



### Board & Management Experience

Bharti Infratel is committed to achieve high standards of governance, ethics and integrity. The integrity of the business is backed by a diverse Board with defined roles and responsibilities, to leverage difference in thoughts, perspective, knowledge, skills, industry experience which help the Company to retain its competitive advantage.

#### Average experience of Board members

**35+ years**



#### Average experience of leadership team

**25+ years**



#### Average experience employees gained while working with Bharti Infratel

**5+ years**



### Smarter Technologies and Solutions

Indian telecom sector stands at a stage of network transformation with next generation technologies already making significant contribution. As data consumption continues to rise with more mobile penetration, there is an increasing need to build solutions that compliment macro and denser networks.

Our pan-India market presence with an integrated network infrastructure enables operators to provide differentiated mobility service (2G,3G,LTE), Wi-Fi and 5G (going ahead) on a shared infrastructure platform. We are expanding our urban infrastructure with deployment of new-age solutions, that are streamlined and standardised to provide maximum connectivity with minimum cost.

Our successful completion of Bhopal Smart City Project is a validation of our capabilities in providing a holistic connected network framework in



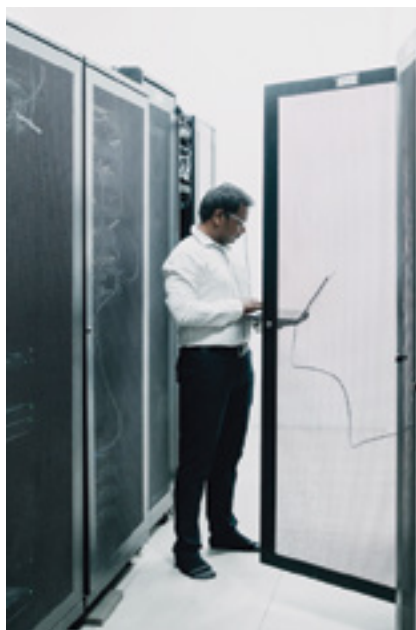
← Server room at command centre

## Intellectual Capital

an existing city set up. The city has a host of modern connectivity installations like smart poles, Wi-Fi, smart LED lights and a dedicated command centre that ensures real-time monitoring. We have started monetising these assets which now play an active role in our ecosystem.

### Command Centre

The entire city of Bhopal is integrated and controlled by our state-of-the-art command centre, that helps monitor and control the street infrastructure on a real-time basis. Bharti Infratel has developed a scalable model by integrating digital infrastructure with existing infrastructure of buildings and highways, providing seamless digital connectivity to citizens of Bhopal. The command centre ensures remote surveillance with a team of dedicated professionals and digital solutions deployed across the city to provide a holistic view and seamless real-time information.



### Expanding the Foot Print

In line with our vision to expand our footprint from macro tower sites to vertical integration, we created Xtreme sites to support higher load/data requirement from telecom operators. These Xtreme sites are unique in nature as they demonstrate our capabilities to build larger sites at a quicker and efficient pace.

#### No. of Xtreme sites built in FY 2019-20

**35+**



### National Digital Communications Policy 2018

Digital infrastructure remains a fundamental aspect for the country's future as well as its economic growth. The immense talent pool and capabilities in the field of telecommunications positions India to unlock multiple opportunities and catalyse socio-economic growth. The NDCP has laid a lot of emphasis on building an integrating fiber connectivity infrastructure to drive a digital high-speed connection.

#### Some of the key highlights of NDCP in digital infrastructure are:



Implementation of Rashtriya Broadband Abhiyan



Implementation of a 'Fibre First Initiative'



Establishment of a 'National Digital Grid'



Facilitate setting up mobile tower infrastructure by incentivising solar and green energy.



Encourage active infrastructure by enhancing the scope of Infrastructure Providers (IP) and promoting deployment of common shareable active and passive infrastructure.

### My Ideas – Fostering a Culture of Innovation

We remain at the forefront of innovation so that we can safely, efficiently and sustainably deliver solutions and services to our customers. Our strategy is to accelerate innovations that can transition operations and processes into future-ready solutions. Through 'My Ideas' – our inhouse innovation programme, we continue to explore a generation of ideas at a relentless pace. During the year, we received multiple ideas from employees across Bharti Infratel and zonal offices to advance our relative competitiveness.

#### New initiatives rolled out

**31**



in FY 2019-20 as compared to 47 in the last three years



Our team at command centre in Bhopal

### Breakthrough Solutions in the Pipeline

In line with NDCP 2018 and to enhance our reach we have created multitude of solutions for infrastructure sharing

- **IoT based networks:** Through IoT Solutions, we can support creation of smartly networked society. As a primary step we have created 6 LoWPAN meshed network for street lights in entire Bhopal Smart City. We have also tested out IoT based solutions for smart bins, smart parking etc. The said IoT network is futuristic and scalable, and would definitely go a long way in improving the lives of Bhopal citizens.
- **Smart Network:** Bharti Infratel offers shared infrastructure for Radio Network through innovative solutions at wide range of places including difficult terrains and cramped spaces, which can accommodate multiple operators and supports installation of multiple technologies. One such widely accepted solution is small cell which occupies lower footprint and provides coverage to a concentrated area. Small Cells can be deployed as part of Street Furniture (fully camouflaged) at locations where a macro site would normally not be feasible. Another tested solution is that of combining various frequencies and different technologies into a single antenna which can then be offered for sharing amongst operators. This shall help in accommodating additional tenants or cabinet expansions otherwise limited by site capacity.
- **Fiber Transport Solution:** In Bhopal Smart city, we have set up a 3 layer fiber based transport network for high speed reliable connectivity of smart elements. This state of art network can be utilized by wide range of customers including individuals, enterprises, commercial establishments etc. on a sharing basis. We have also tested fiber transport solution which allows us to deploy different RRU at distant sites being controlled through a single BBU at one of the connected sites. The said initiative will help us augment our offerings as well as allow the operators to enjoy cost savings owing to shared infrastructure.
- **Analytical solutions:** In a constantly evolving world, the future of work lies in analysis and learning. With an eye on enhancing productivity and lowering TCO to reduce complexities associated with O&M, we have initiated remote monitoring solutions based on analysis and auto-learning. Thereby, improving our operations and further expanding our capabilities.
- Enhancement of Structural solution ambit continued with introduction of several more towers catering to customized requirement. Prefab concepts adopted for the first time, leading to reduced Turnaround time as well as bringing in cost efficiencies.



## Intellectual Capital

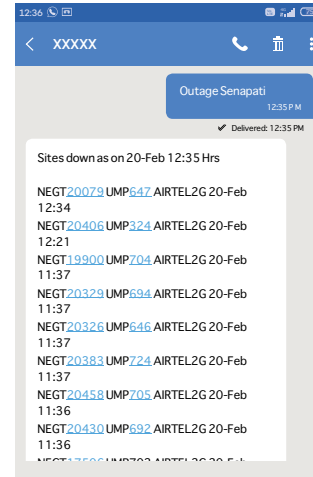
### Automation of Operational Services

New-age automation tools aid in enhancing operational efficiencies at Bharti Infratel. We are making conscious efforts to digitise and automate processes to improve productivity and enhance decision-making and competitiveness.

### Innovations at TOC

Our TOC has started two 'industry first' services to enable quick decision making for the field team, that is helping reduce the turn-around time and strengthen customer confidence. One, TOC has enabled field staff to enquire about site status through a dedicated 24\*7 SMS service that is an automated 'Alarm Enquiry Interface'. The field staff can send enquiries to a designated 5 digit number and the system responds immediately with site status including battery voltage, temperature and active alarms. This helps in determining whether the site outage is due to active / passive infra and the process is being appreciated by customers.

Second, innovation came with automated plotting of real time network status on the geographical map. This helped in precise planning and faster execution of various field tasks in events of natural calamities. For example, Odisha faced two severe cyclones in 2019 and this tool helped determine the places where frequent diesel filling was required to ensure network connectivity without any delay or downtime. The tool was highly appreciated by the regulators and the customers and the use of this tool is now extended to other circles to assess situations such as heavy snowfall, floods & cyclones.



Alarm Enquiry Interface & Output



Tracking of Cyclone in Orissa

#### Capitals Linked:



Financial Capital



Natural Capital



Social and Relationship Capital



Manufactured Capital

The technical and managerial skills enables us to create value for customers, investors, government, and employees. Our ground breaking innovation in processes and operations enables us to efficiently use our resources and minimize costs and maximize profits.

# Natural Capital

**Responsibility towards the environment is a prime consideration at Bharti Infratel. We have launched a host of green initiatives to combat climate change and counter the mounting challenges posed to the planet. Enriching the ecological balance, we endeavour to significantly shrink our carbon footprint and ensure sustainable creation of value for all our stakeholders.**



## Natural Capital

At Bharti Infratel, we continue to invest in initiatives that help us create an environment of responsibility and accountability. We proactively manage the environmental impact of our business operations by regularly engaging with relevant stakeholders and taking necessary actions.



 Telecom Tower at Bhopal

### Indoor to Outdoor Conversion

#### Reduction of Equipment Load

Air conditioners were part of telecom sites due to sensitivity of telecom equipment. Air conditioners contributed to 35-40% of total consumption. These sites, installed with air conditioners were categorized as indoor sites.

In order to reduce the energy consumption without impacting the network health, Infratel worked along with operators to optimize the passive infrastructure by removing air conditioners. We, along with operators, identified and deployed solutions to remove air conditioners from the site and converted the sites from indoor to outdoor sites, hence reducing the energy footprint of the infrastructure network.

We have continuously focused on reducing our diesel consumption by removing ACs from our sites and shifting our indoor sites to outdoor sites for natural air cooling, thereby reducing the CO<sub>2</sub> emission. We have invested around ₹72 mn towards energy optimization, which has led to reduction of 36.6% consumption of diesel over the past two years.

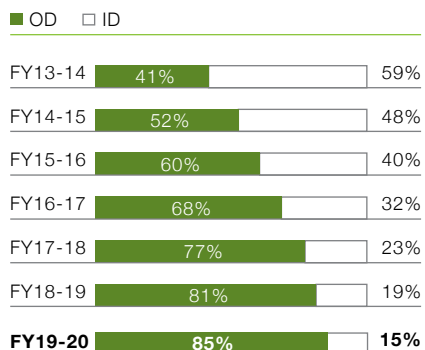


of the Infratel network is outdoor which was around 60% five years back.

**Sites Converted from Indoor to Outdoor**

FY13-14	2,466
FY14-15	5,732
FY15-16	7,580
FY16-17	10,697
FY17-18	14,191
FY18-19	16,326
<b>FY19-20</b>	<b>18,203</b>

**% of Outdoor and Indoor Sites**



**Asset Optimisation**

In view of operator shut downs and merger, there were excess Class A assets like diesel generators & Battery Banks (BB) at several of our sites. Since we generally upgrade assets at the time of tenancy addition / Cabex, we took proactive steps to downgrade these unutilised assets too.

We redeployed excess assets from these sites and used them against replacement of old asset instead of purchasing new assets. In FY 2019-20 there were excess BBs or Diesel generators, either moved to other sites as a replacement or upgradation of existing capacity due to new cabex or tenancy addition.

**CAM:** Site To Site Movement

**SRN:** Asset Return To Warehouse

As result of this initiative, there has been substantial savings due to deferred procurement of BBs. Apart from BBs optimization, there were 1,600+ DGs optimized as these were below standards, resulting in substantial savings of DG CAMC and Diesel Cost.

**Using Renewable Source of Energy**

With our unique **Renewable Energy Service Company (RESCO) model** of using renewable energy at 175+ sites, we could ensure community development by providing surplus power in rural areas. Currently, over 20,000 rural families are being supported through this model.

We plan to further stimulate development of RESCO based partners in more states, thus ensuring supply of a reliable clean power. It also helps to do our bit for the betterment of the community as a whole.

As an extension to renewable sources of energy we have also successfully installed wind towers, which ensures enhanced tower utilization and lowers energy costs with minimal capex. In line with our vision of deploying low emission solutions, we have also started to deploy fuel cells and gas gensets at sites to overcome noise and emission concerns.



Rural families are being supported by our RESCO model

**Smart Green Energy Towers**

We are optimistic about expanding our green energy network infrastructure by adding to our existing 11 MW solar and wind energy capacity. Along with more than 2,500+ solar energy towers, we installed the Smart Solar Tree, an innovative approach to improve site feasibility by using minimum foot space for installation. Besides, it also improves the aesthetics of the area.

The wind based towers, on the other hand, have helped to utilize unloaded space at existing towers to aid the process of wind turbine installation. It, therefore, helps to reduce energy costs, curb emissions and eliminates the need for additional tower/ pole/ land required for the installation. As a result, it helps to provide power at cheaper rates.

## Natural Capital

### Improving Energy Efficiency

We undertake various initiatives to improve our energy efficiency across our tower infrastructure network. Here are some of the initiatives undertaken during the year:

- We have adopted high efficiency Integrated Power Management Solutions (IPMS), Plug and Play Cabinets (PPC) to maximise utilisation of grid power supply on the towers.
- We started using battery bank hybrid solutions that enabled us to run the DG set on optimum load with efficient diesel consumption. We also used Li-ion batteries that are fast charging, highly efficient and environment friendly. New sites with quick charging advanced VRLA batteries have been deployed to ensure quick charge and enhanced backup time.
- We created DG free Power Solution which provide autonomy from diesel, thereby reducing diesel cost.
- High efficiency aircons have been introduced for critical sites where aircon installation is mandatory for supporting the critical infra.

#### Power management systems:

Power management systems have evolved and become more efficient in terms of energy losses and reduction of form factor. Our advanced power system boasts improved efficiency by 1200 bps and has a reduced form factor of about 40%.

As a standard part of our solutions, modularity has also been reigned in, whereby initial deployment can be of a lower size and it can be amended with increasing load. It not only saves

on initial capex, but also helps to ensure capex deployment as per need. Different types/ sizes of power management systems are available and it is scalable as per requirement.

- Replacing air-conditioners at sites with solar powered, natural, large sized micro cooling cabinets, natural cooling systems, dual turbine units and HEX based micro cooling units.
- Enhancing energy efficiency by installing latest products, including high efficiency rectifiers, variable ACDG kits and DCDG kits.
- Usage of high-end VLRA batteries and Li-Ion batteries.
- Battery solutions have also been augmented with the introduction of TESU and LVCS solutions. It provides technological solutions to run multiple battery banks.
- High temperature cell batteries with improved life and better charging capabilities are also being tested to assess their importance for the future.

### Improving cost effectiveness

To ensure cost effectiveness of energy solutions, we have also initiated a battery rejuvenation process which extends the life of existing battery banks, thereby delivering energy savings with lower costs.

To further improve energy efficiency, low cost Intelligent solutions have been developed to replace ageing PIU based power systems, the same shall ensure life extension of PIU related infrastructure as well as reduce energy losses owing to old and aged PIU.

#### Capitals Linked:



Financial Capital



Manufactured Capital




Social and Relationship Capital

We believe that environmental and business sustainability goals are interlinked as measures used for cost efficiency invariably comes from environmental sustainable solutions. Hence, our energy conservative initiative not only makes us cost efficient, but also enables us to reduce our impact on the environment.



# Human Capital



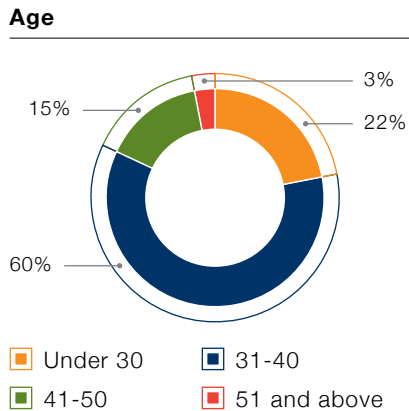
**At Bharti Infratel, our strength lies in our formidable people asset. In a dynamic environment, where transitions are natural and innovations hold the key, the desire to excel is always led by our talented team. Their diverse skills, immense talent and exceptional dedication empower us to aspire for greater glories in a highly competitive world.**



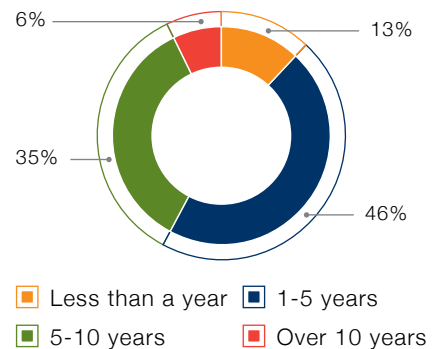
## Human Capital

People are at the heart of our business. We recognise that our competitive advantage lies in our people, delivering on our strategy to drive business continuity. We endeavour to create and maintain a culture within our organisation that values and promotes employee empowerment and engagement. Our people strategy continues to be a key focus area with regards to talent management, people development and empowerment of teams across multiple locations.

### Employment Equity Profile

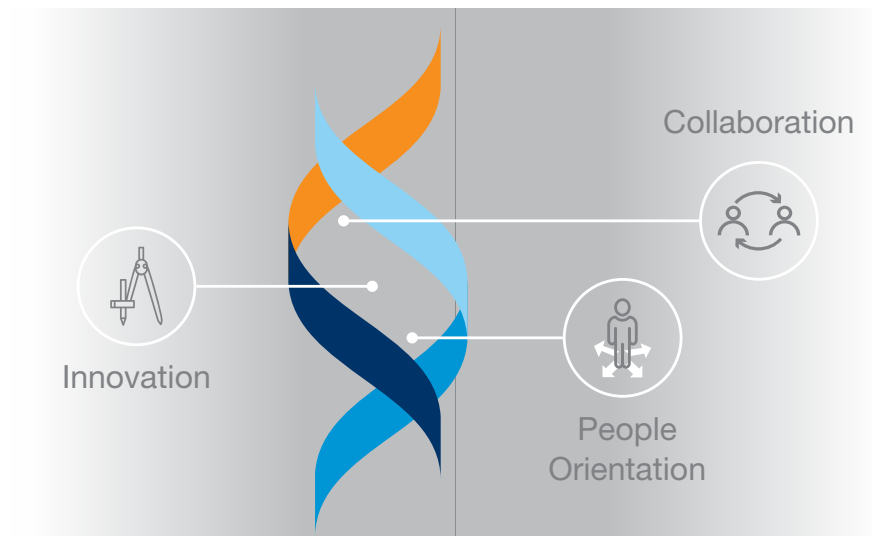


### Work Experience at Infratel



### A Culture of Excellence

The dynamic industry that we operate in, places an increasing resolve to attract and retain employees with the right competence, enabling us to deliver on our strategy. We believe that an excellent employee experience developed within a culture of excellence can drive the organisation forward. Over the years, we are continuously empowering our employees with new competences and skills, thereby creating a positive value for our team.



## Equal Opportunities

Diversity and inclusion are critical aspects for building everyday experiences and developing competitiveness. In our endeavour to capitalise on future opportunities, we are committed to building a diverse and inclusive culture with active collaboration within the team. At an

organisational level, a wide range of initiatives took place during the financial year, including recruitment of women employees across different functionalities. The overall HR policy was also strengthened with principles of women safety & gender discrimination at the core.

During the year under review, we introduced 'No-Excuses' an online module on Prevention of Sexual Harassment at Workplace (POSH) and have made it a part of compulsory training module for all our employees.

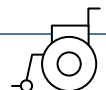
As an employer, we continue to remove barriers that cause any hindrance for an individual to realise his potential. Throughout the year, we worked to strengthen our inclusive culture, partnering with several organisations to include differently-abled individuals within our workforce. Going forward, we will continue to specifically focus on recruiting people on their merit, irrespective of their gender or physical abilities, ensuring better customer service, every step of the way.

18



Women employees as a part of on-field operations

17



Differently-abled employees

10.4%



Diversity (gender and differently-abled employees) as a percentage of employees



## Human Capital

### Fostering a Culture of Learning and Development

All employee training and development programs are aligned with the company's strategic and operational objectives. The

training framework helps improve efficiency and innovation, aimed at improving overall performance of the employees. At an organisation

level, a wide range of activities took place during FY 2019-20, that helped improve the skill sets of our team members.

#### Digital Learning

We aim for a complete e-learning coverage for all our employees across different roles and responsibilities. We continued our partnership with Lynda-LinkedIn learning for world class training content, which is accessible from anywhere. With an average time of 8 hours per user across 459 courses, the digital learning module was widely accepted by a majority of the employees. The popular training courses that were viewed by our team included data analytics, six sigma and project management professional (PMP), among others. In addition, the Annual Refresher course on code of conduct for all employees was also on a digital platform, and it was successfully completed by all the employees.

22,477



Videos completed by employees on LinkedIn

805



Employees completed the classroom training across behavioural and functional training modules

100%



Compliance of mandatory training of new joinees

459



Average employees covered every quarter for process training

#### Leadership Development Centre

At Infratel, our leaders play an important role in creating a great employee experience and retaining key personnel. The leadership development trainings, coaching and mentorship programs help in building a holistic culture, bridging the gaps between technical and soft skills. The programs help identify leaders from mid-levels to migrate to higher roles. With an ongoing communication process, the training modules help train the individuals on various aspects of leadership that are critical to business sustainability.

75%



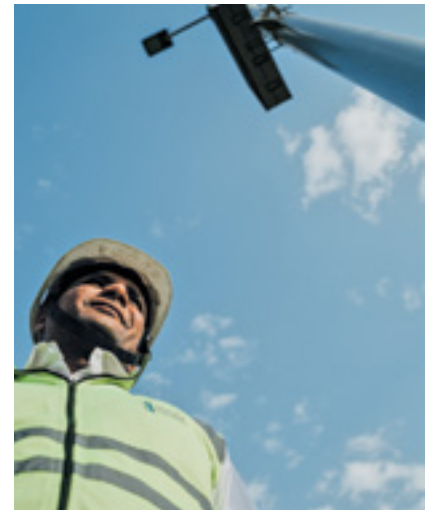
Internal succession rate\*

#### Rewarding Approach

At Infratel, we acknowledge and reward employees to retain and hire top talent. We reward employees for achieving both individual and company goals. Our reward structure is defined to generate retention and motivate the employees, creating a high level of satisfaction.

#### Health and Safety

Infratel's values and visible leadership underpins its safety management strategy to achieve zero harm. With a principal focus on safety and health of our employees, we are actively involved in driving safety and health initiatives across our offices. The '5 Cardinal Rules' of safety, which are communicated to all existing as well new employees, define our 'Safety First' agenda.



\*HR and circle leadership positions filled during the year through internal talent

## 5 Cardinal Rules of Safety

01

Don't direct an untrained person to undertake a hazardous task

02

Use proper personal protective equipment while performing hazardous tasks

03

Always wear a seat belt while commuting in a 4-wheeler and a helmet while travelling on a 2-wheeler

04

Never drive under the influence of alcohol

05

Report all incidences without fail

As the safety and the health of our employees is paramount, we have defined three broad areas to communicate the health and safety ideologies. Under these broad heads, we work towards developing a critical control management procedure to stop significant unwanted events by promoting a proactive safety culture and an improved monitoring process.



### Communication & Awareness

Implementation of comprehensive safety and health management strategy is combined with effective communication. We regularly communicate with our employees on various safety aspects through:

- Quarterly emails
- Monthly learning emails derived on the basis of ongoing incidents
- Circle specific initiatives to build awareness

### Training

At Infratel, we undertake a collaborative approach, involving all the employees, communicating to them about necessary infrastructure and safety guidelines. We continuously strive to promote a culture of learning and training, implementing necessary controls to manage potential hazards.

### Mandatory safety training for new joiners:

Areas covered



Road Safety



Site/  
Electrical  
Safety



Working  
on Heights

100%



Compliance with training on Road safety and site/electrical safety by new joiners during FY 2019-20

### Refresher training for existing employees

In addition to the above areas, refresher training is offered for Emergency Response Team, Warehouse resources, mock fire drill, etc.

95.5%



Compliance with refresher training for existing employees in FY 2019-20

## Human Capital

### Discipline and Governance

Every incident pertaining to our employees and partners is reported at our sites as per the procedures defined in our Monthly People Incident Dashboard. This is then followed by a Dashboard and RCA. We have also implemented an

observance of Safety Governance check point that include holding of periodic safety meetings, discussion of the safety review checklist, incident reporting & analysis, and sharing of safety learning mails amongst others.

**93%**



Compliance achieved by the employees during FY 2019-20

### Partner Safety Training at MPCG

MPCG championed the cause of safety and organized a classroom safety training program for partners. This program was aimed at aligning the partners to the safety guidelines being pursued by Infratel and also to inculcate the sense of being a partner in our growth story.

This program was subsequently extended to OME partners RSS and AT Biz who manage all the 6 clusters of Gwalior zone and Karera cluster of Guna zone, aligning their teams to the Safety standards being pursued by Infratel.

**50**



Representatives from partners were covered during FY 2019-20



 Partner Safety Training at MPCG



## Employee Connect

We have developed several offline as well as online tools to engage better with our employees, enabling us to

identify strong performance and identify areas of improvement. Our presence across 11 circles and 79 zones with an

employee base of 1248 (on standalone basis), remains motivated through the successful deployment of these tools.

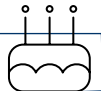
### Employee Communication Forum (ECF)

During the year under review, one ECF session was held at each circle locations, addressed by MD & CEO and the Leadership Team. While quarterly townhalls were conducted at head office. The interaction helps to discuss results and achievements, strategic priorities for the current year, key initiatives, rewards and recognition and strategies for next year. Similar sessions were conducted at circle locations and are anchored by the circle business heads.



**Sambandh:** The initiative aims to celebrate birthdays of all our off-roll employees in the field (technicians) along with their family/ friends/ colleagues anchored by their Reporting Managers across locations.

93%



Technicians celebrated their birthdays



**Sampark:** It is an open house session conducted in clusters for our off-roll employees to register and solve their queries and grievances. These are anchored by CHR supported by the Operations team.

175



Sessions covering 215 clusters were organised



**Manthan:** The initiatives are zonal conclaves held at circle locations where zonal teams present their progress on current deliverables with strategic plans laid out for remaining months. The target is to cover every zonal team at least twice a year anchored by the Circle Operations Team.

83%



Of zones covered more than once in FY 2019-20

### Capitals Linked:



Financial Capital



Intellectual Capital



Manufactured Capital



Social and Relationship Capital

Investing in our people, through training and development activities, is one of the most significant investment of our business. Increased productivity and well-being of our people will lead to a sustainable future and enable us to create value for all the stakeholders.



# Social & Relationship Capital

**Our collective actions and decisions have a profound impact across our value chain. Stimulating social and economic development, we remain resolute in reinforcing our values and endure lasting relations that empowers communities. With our unique value creation model, we seek mutually beneficial outcomes that play an active role in empowering the communities we operate in.**

## Relationship Capital

### Suppliers

Our seamless business operations are a result of our ability to develop a quality supplier network that enables us to focus on sourcing quality materials and services. We collaborate and rely on our partners to reduce our carbon footprints, recycle & reuse materials and facilitate safe disposal of all hazardous equipment. Through regular interaction with our partners, we ensure that they comply with applicable laws & regulations and also conduct their business in a responsible manner. On an ongoing basis, we identify and build effective partnership with partners who meet our needs and expectations. We are committed to promote and foster a culture of transparency and high ethical standards, which extends to our partners as well.

**1,135**



Number of Suppliers

**75**



Number of people in supply chain team (on-roll)

### Supplier Relationship Management

At Infratel, our strong multi-level governance model and dedicated manager functions (at circle and HO level) ensure monitoring of performance of goods and services by suppliers. Right from digital on-boarding (for existing and new suppliers) to a detailed techno-commercial evaluation, merit-based

suppliers partner with us for multiple business operations. At Infratel, a coordinated and collaborative plan is executed for partner development and business growth. Going ahead, we are developing a dedicated interactive partner query management portal and it is planned to be operational by mid of FY 2020-21.

### Code of Conduct

At Infratel, we follow Bharti Group's policy framework for code of conduct, Whistle blower rights and protection policies. It is monitored and governed by an independent and group level office of Ombudsperson. At the beginning of the year, an annual certification and compliance commitment by all business partners is secured. Further, functional and business managers encourage partners at various forums to report any non-compliance to our business ethics and code of conduct ensuring transparency and high governance.

### Responsible Sourcing

While sourcing any product or services, we ensure adherence to regulatory compliances and relevant laws. The goods or service requirement at a particular location/ circle is secured from the nearest source of supply through a multi-partner and multi-supply source model. Warehouse and distribution network helps to source material from the nearest locations to reduce the environmental impact of long distance transportation. Further, we also promote the use of Alternate energy solutions and are partners in the Capex model as well as the RESCO model to improve energy efficiency.

### Regulators

At Infratel, we engage with regulators through public forums and industry working groups on a continuous basis. Our operations are subject to changing laws and regulations set by Department of Telecommunications (DoT) and Telecom Regulatory Authority of India (TRAI). We actively participate in various industry forums and associations like Tower and Infrastructure Providers Association (TAIPA), Federation of Indian Chambers of Commerce and Industry (FICCI), Confederation of Indian Industry (CII) and Cellular Operator Association of India (COAI).

Our regular engagement with industry forums and regulatory bodies, position us to upgrade our existing operations and procedures as per changing industry landscape and enables us to stay ahead of our competitors. We remain committed to adhere to the highest ethical standards and corporate governance practices. At Infratel, we also proactively contribute towards holistic development of India by undertaking projects such Smart City projects, Digital India and leverage our state-of-the art technologies to provide best-in-class communication infrastructure. Beyond compliance, we partner with government and industry bodies to jointly elevate industry standards for green sites, sustainability practices and health and safety measures.

**₹20,815 Mn**



Contribution to Exchequer

## Social & Relationship Capital

### Investors

At Infratel, we strive to maximise shareholder returns, maintain good corporate governance, and improve transparency through financial reporting. We proactively communicate with our investors at regular intervals, keeping them posted about various operational, strategic and financial highlights. We foster open and transparent communication about our activities through various modes, such as investor presentations, annual reports and investor and analyst conference calls. Our track record of delivering consistent growth across financial matrices, over the years, has strengthened our investment case among the investor community.

#### Value Created for Shareholders in FY 2019-20

**₹9.44** 

EPS

**₹10.50** 

Dividend paid per share

**₹19,421 Mn** 

Total profit distributed (net)

**~111%** 

Dividend payout ratio

### Customers

As one of the leading telecom infrastructure providers in India, we provide the most extensive network of telecom infrastructure and high-quality services to leading telecom operators in India. We realize the importance of having the right partner and the symbiotic relationship that we share with our customers. As a result, we strive to provide reliable, innovative, effective services built on our integrated infrastructure.

It is our commitment that drives us to develop a culture of quality and innovation at our 42,053 towers across 11 circles in India. Each day, our on-field and off-field teams adapt to address the evolving consumer needs. Our operations team works tirelessly to attain lower downtimes and quicker solutions for multiple problems that disrupt the normal course of operations. At Infratel we have been able to maintain our uptime at 99.95% in FY 2019-20. This has been achieved due to a customer-focused approach, real-time monitoring and proactive intervention by the Command Centre.

**99.95%** 

Uptime in FY 2019-20

**4.87** 

Customer satisfaction score

## Did you know?



The capital investments required in setting up a telecom infrastructure tower is significant, while the operating costs for maintaining and running the same is also of paramount importance. While, we at Infratel, undertake the capex and operating costs for setting up telecom infrastructure towers, the telecom operators have the following benefits:



Maximised revenues



Savings on capital investments



Lesser time to market and expansion of customer base



Higher operational efficiencies



## Social Capital

We remain committed to contributing towards building a sustainable socio-economic ecosystem, empowering local communities at large with multiple initiatives aimed at improving quality of life.



**To build an empowered society through education, community development, and environmental sustainability. Our various need-based development initiatives focus on benefiting the marginalised and vulnerable sections of society.**




### Review of FY 2019-20

In line with the Company's culture of sustainability, the Board CSR Committee met four times during the year, reflecting on their purpose of enabling people to shape a safer future by caring for their lives and dreams. During the year, we invested ₹477 Mn across multiple social causes, shaping lives for a better tomorrow.

**₹477 Mn** 

Spent in FY 2019-20

**7** 

Projects undertaken

**470,000+** 

Lives impacted

## Social & Relationship Capital

### Education



#### An Overview of Bharti Foundation

The philanthropic arm of Bharti Enterprises, Bharti Foundation is committed to empower underprivileged children with quality education to ensure sustainable changes in society.

The school education programs are designed to cater to primary, secondary and high school students. It also supports initiatives in the field of sanitation, ensuring the health and safety by ensuring separate toilet for girls in all Satya Bharti Schools and following stringent child safety measures. At present, the educational programs reach out to more than 2,70,000 students across 16 states/UTs, involving the participation of over 11,000 teachers.

#### Details of the Programs

Bharti Infratel proudly supports Bharti Foundation's education programs, including the flagship Satya Bharti School Program and the Satya Bharti Quality Support Program, which promote access to quality education for underprivileged children,

especially in the rural areas of the country.

Bharti Foundation, through 192 Satya Bharti Schools, are providing free quality education to underprivileged children in the rural areas of Haryana,

Punjab, Uttar Pradesh, Rajasthan, West Bengal and Tamil Nadu. This program is aimed at transforming students into educated, confident, responsible and self-reliant citizens of India.





## The Satya Bharti School Program

This program helps children in rural areas with access to quality education without incurring any expenses. The program with a

special focus on the girl child aims to deliver transformative education, with a holistic approach, so that the students become educated,

responsible and self-reliant citizens. It has also increased awareness about the importance of education.

### Empowerment through Education:

All citizens of India are guaranteed access to education in accordance with the Right to Education (RTE) Act. The government's flagship programs like Sarva Shiksha Abhiyan (SSA) and Rashtriya Madhyamik Shiksha Abhiyan (RMSA) have paved the path for underprivileged children to pursue education and these reforms have created a favourable impact on students in different parts of the country. These education programs also contribute to global sustainable development goals.



### Outcome

192



Schools/Six states

50%



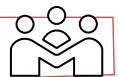
Girls

39,400+



Students

75%



SC/ST/OBC

1,350+



Teachers

73%



Female teachers

\*Data as of March 31, 2020

<https://bhartifoundation.org/wp-content/uploads/2020/03/1580366551-change-alliance-pvt-ltd-impact-assesment-report-on-satya-bharti-schools.pdf>



A structured impact assessment study of Satya Bharti Schools, conducted by Change Alliance can be downloaded here.



## Social & Relationship Capital

### Ensuring Road Safety for a Safe Future



Road accidents are preventable, yet we lose many lives.

The students of Satya Bharti School, Bholian, in Amritsar observed that many people in the village do not know/follow road safety rules. Sadly, a boy studying in the school lost his

father in a road accident due to lack of awareness. The man was riding a bike without a helmet. To address the issue, a group of children came together and decided to spread awareness about wearing helmets and improving road safety.

Helped by their teachers and the village sarpanch, the children conducted several street plays and rallies to make the community aware of basic road safety procedures. They also went to nearby government schools to make children aware and to eventually pass on the message

to their respective families and neighbourhoods.

Going forward, the students plan to involve traffic police personnel in the area to conduct bigger awareness programs to ensure a far reaching impact.

The students received Design for Change Top 100 award for this project. The award acknowledges community campaigns for bringing change.

## The Satya Bharti Quality Support Program

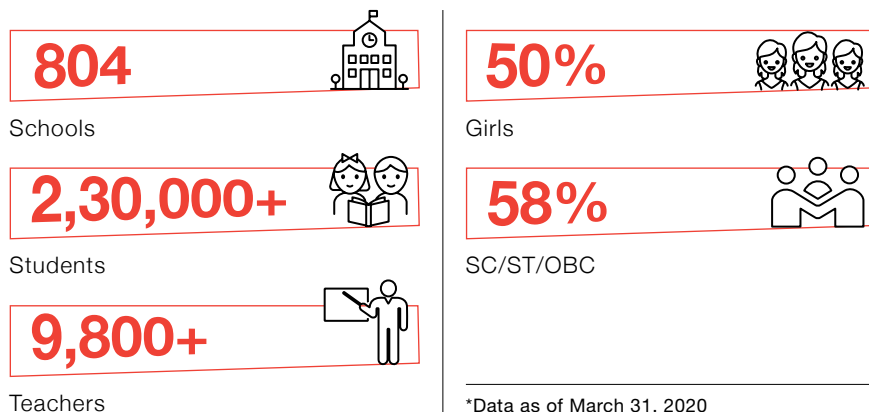
The Satya Bharti Quality Support Program engages school leaders, teachers, students, parents and communities for enhancing the overall schooling experience in the partnered government schools. Good practices of Satya Bharti Schools are

implemented in each school with the purpose of institutionalizing these in a time frame of three to five years. The Program's framework is structured around the whole-school approach through co-scholastic activities defined under four program pillars.

Each school decides the pace and trajectory depending on the School leader's vision for bringing about a sustainable change. The schools can decide its pace and trajectory based on their vision to ensure sustainable changes in the long run.

**Outcome:** A program that began with just eight schools, now engages with over 2,30,000 students including their parents and communities in more than 800 schools across 14 states and union territories.

### Satya Bharti Quality Support Program Overview



\*Data as of March 31, 2020

### The RJs of Empowerment



The ability to communicate effectively enables children to articulate well, express with confidence and unlock opportunities for the future.

The students of Zila Parishad High School (Bharti Foundation's Partner Govt. School) in Telangana noticed that many children in

the school feared speaking on a public platform. While some lacked confidence, some had performance apprehensions. A group of children, including those who could speak well in public, came together to address the challenge.

After a lot of brainstorming, the students came up with the idea of "School Radio." With permission from the Head Mistress, the students converted the school's store room into a radio station. They equipped the room with a sound system and mic and used it during the morning assembly.

The students, who were good at communication, used zero hours (lunch time) to encourage and engage as many students as possible in the school radio activity. On a daily basis, at least 10 students from a class assembled in the room and each one of them chose a topic to speak on the radio. From reciting poems to singing songs and reading news or making announcements, the students began to use the platform to express themselves, with confidence.



## Social & Relationship Capital

### Bharti Infratel Scholarship Program

#### An Overview

Bharti Infratel Scholarship Program was launched across north-east India in October 2015 in partnership with Shishu Sarothi, a non-profit organization working to empower people with disabilities. The prime objective of this program is to offer financial independence to students with disabilities. It not only helps them to pursue their higher education but, also aspires them to integrate with the mainstream, carving a niche for themselves in a highly competitive world.

#### Details of the Program

**Bestowing self-reliance and independence:** Empowering students with disabilities to fulfil their higher education goals and build independent careers to sustain themselves.

**Inform and Empower:** The Right to Persons with Disabilities Act 2016 grants equal rights to citizens with disabilities. Bharti Infratel Scholarship Program highlights these rights and encourages educational institutions to come forward and adopt an inclusive approach to accept disabled students and formulate plans to facilitate their needs.

**Promoting Equality:** Assisting students hailing from the North-East with opportunities that help to inculcate skills and participate in the work force as equal citizens.

**Creating Opportunities:** The program also sensitizes corporates to support inclusion of people with disabilities by offering enabling conditions that encourage their growth and inclusion in the mainstream workforce.

#### Operational States



Assam



Arunachal Pradesh



Manipur



Meghalaya



Mizoram



Nagaland



Tripura



Sikkim





**Outcome**

Within two years of its inception in the north-east, Bharti Infratel Scholarship Program touched the lives of 196 students. A total of 137 students have completed their higher studies till FY 2019-20 and the remaining are still pursuing various undergraduate and post-graduate courses, with many of them enrolled in professional and technical courses. Our effort has been acknowledged and appreciated in several forums. We have also been felicitated with the ET NOW CSR Leadership Award in February 2018.

The program also acted as an awareness campaign, to propagate the rights of people with disabilities covering Locomotor Disability, Visual

Impairment, Hearing Impairment, Dystonia Cerebral Palsy and Cerebral Palsy Diplegia. It not only highlighted the importance of education for differently-abled students, but also brought to light various employment opportunities and schemes aimed at empowering youth with disabilities. To further boost our program and ensure a better future for the next generation, we have incorporated career counselling and soft skill sessions for students pursuing higher education in the north-east.

A book titled, "Enabling Change-Stories of Empowerment", as success stories has also been published to give an insight on the impact of the program.

**196** 

Students benefited

**43%** 

Of students are female students pursuing higher education

**Scholarships covering following courses:**

- Graduation
- Post-Graduation
- Professional Courses (IIT /MBBS/ BBA)
- Technical Courses (ITI, Computer Application)

**Beating the Odds**



**Moirangthem Ingobi Singh**

**State**

Manipur

**Course**

Bachelor of Medicine & Bachelor of Surgery (M.B.B.S)

**Institute**

Jawaharlal Institute of Medical Sciences, Imphal

**Disability**

Locomotor Disability (50%)

Studying in the fifth semester of MBBS, Ingobi currently stayed away from his family at the institute campus hostel. Hailing from a humble background, he struggled with mobility due to locomotor disability (50%) affecting his legs.

He was a good student since kindergarten and dreamt of becoming a doctor. Following his aspirations, he secured admission at the Jawaharlal Institute of Medical Sciences after clearing the entrance exam without any coaching. Ingobi recalls how a rechecking was conducted after he cleared the entrance examination. He believes, the stigma around disability is one of the biggest deterrents to lead a successful life.

The son of a tractor driver father and a homemaker mother, it was difficult to make arrangements for his course fee. However, Ingobi's mother relentlessly supported her son and even arranged for a loan to complete his education. But, luck had other plans for him.

"Luckily, I got selected for the Bharti Infratel Scholarship Program which takes care of my academic fees," Ingobi expressed happily.

Ingobi wishes to pursue a Post Graduate course after MBBS to become a successful doctor. He wants to practice medicine in Imphal and work for the local people. He even intends to change the mindset towards disability, as a criteria for judging an individual's capability.



## Social & Relationship Capital

### Sanitation



#### The Satya Bharti Abhiyan (Sanitation Program)

Bharti Foundation's Satya Bharti Abhiyan launched its operation with the adoption of Punjab's second largest and most populous district, Ludhiana, and in less than two years enabled Ludhiana rural to achieve self-declared Open Defecation Free status. The program spread its footprint to urban Ludhiana in October 2016 and thereafter, to rural Amritsar in Sept 2017, in collaboration with the Department of Water Supply and Sanitation, Government of Punjab.

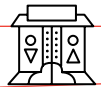
Experienced partners undertook the construction of toilets in Ludhiana but, in Amritsar the beneficiaries themselves have been constructing the toilets. A memorandum of understanding (MoU) was signed with the Department of Water Supply and Sanitation (DWSS), Government of Punjab on September 13, 2017, for providing financial assistance to the beneficiaries identified by DWSS in rural Amritsar for the construction of 20,000 toilets. Punjab is the fourth Indian state, that was declared completely open defecation free on October 02, 2018.

The Abhiyan simultaneously focuses on provision of toilets and Information, Education and Communication (IEC) to foster behavioral changes towards consistent usage and maintenance of toilets. It has been successfully implemented through partners and has been reinforced through government efforts. Bharti Infratel has supported the Satya Bharti Abhiyan Program in rural Amritsar.

#### Outcome

The Abhiyan not only contributed to the infrastructure required to implement the initiative, it also encouraged a much-needed behavioral change towards health and wellness through its carefully structured campaigns. It is likely to improve the hygiene conditions for all residents, especially that of vulnerable populations, reducing chances of illness due to lack of proper sanitation facilities.

**18,400+**



Toilets (rural and urban Ludhiana)

**37**



Ladies toilets (Ludhiana Police Commissionerate)

**7,350+**



Toilets (rural Amritsar)

**186,000+**



Total Beneficiaries (including 56,000+ beneficiaries annually for ladies' toilets at Ludhiana Police Commissionerate)

**14**



Girls toilets (in government schools of rural Ludhiana)

\*Data as of March 31, 2020



# Skill Development and Livelihood Opportunities



## Telecom Gurukul

### An Overview

With an aim to train and empower unskilled rural youth for the telecom sector, Bharti Infratel launched a demand-led residential skill-development program. Targeting youth from the underprivileged sections, it assured placements in the Telecom industry. Bharti Infratel partnered with PARFI (Pan IIT Alumni Reach for India Foundation) to setup the first Telecom Gurukul (Rural residential skill centers managed by ex-Armed Forces JCOs) at Deoghar district in the State of Jharkhand. To ensure its success, the State Government actively supported it by offering land, capex and building infrastructure. Micro-financing schemes were also offered to candidates through NABARD, NABFINS and many more project partners.

### Details of the Program

A world-class Telecom Gurukul was setup in Deoghar, Jharkhand to provide training with assured placements as Tower Technicians and other skilled positions. To create employment opportunities for the rural youth, the program offered specialized training from a dedicated campus that was exclusively built to cater to the needs of Telecom Gurukul. The training setup included a 30m Telecom tower and was equipped with expensive devices donated by Bharti Infratel. The project was supported with viability funding by Bharti Infratel.

Led by ex-Army JCO, the Gurukul has a self-managed campus with a focus on quality training, safety, life skills and work ethics, ensuring maximum productivity from every trainee, from the very first day. All candidates are also provided bank accounts and facilities for micro-finance from NABARD/ NABFINS to co-pay for their training.

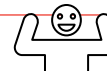
### Outcome

**201**



Candidates were trained as Tower Technicians and Telecom Riggers in 11 batches

**94%**



Of candidates belonged to underprivileged sections of the society

**192**



of them were provided employment opportunities in various Telecom companies across India.

Candidates belonged to

**22**



Districts of Jharkhand and Bihar with poor HDI

**>95%**



Placement rate

**₹15,000**



Average monthly salary



## Social & Relationship Capital

### Inspiring Success Stories



**Sushil Hansda**

**Batch 3,** Telecom Rigger

Sushil Hansda hails from Chitakundi village in Jamtara district of Jharkhand. He is now an inspiration and role model for many. Son of a daily contract labourer, his family income is ₹30,000 per annum. After his training at the Gurukul, he is employed as a Telecom Rigger at Telesysia and earns a salary of ₹18,000 per month. A little support from Bharti Infratel and his zeal to succeed kept him on the right track to success. He can now bear the medical expenses of his grandmother and support his brother's education. In future, he wishes to start a business and own a house.



**Manish Kumar**

**Batch 3**

Manish Kumar, a farmer's son from Belguma village in Dumka, Jharkhand, used to help his father with farming. The family income was ₹30,000, yearly. Manish, however, wanted to do more with his life. He got trained at Telecom Gurukul in the Tower Rigger trade and is now independently earning around ₹18,000 per month. He has already made a savings of ₹50,000 and is financially helping his family to lead a life of prosperity.

### Capitals Linked:

-  Financial Capital
-  Intellectual Capital
-  Human Capital

A positive reputation and quality relationship with customers, regulators, investors, suppliers and communities is the foundation of our long-term sustainability and ability to generate revenue. We strive to deliver social values through our CSR activities and reduce the gap of social inequality. This enable us to create value for our people, business and the society at large.





# Notable Achievements

## Manufactured Capital

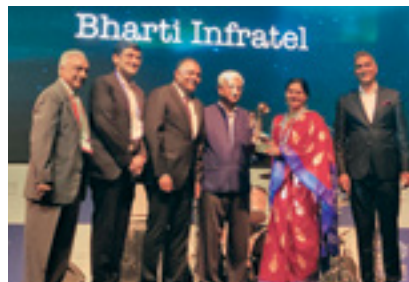
Bharti Infratel was awarded under the category **Telecom Equipment and Infra Services at Dun & Bradstreet Corporate Awards 2019** held in Mumbai on May 29, 2019. To commemorate the honours Dr. Krishnamurthy Subramanian, Chief Economic Advisor - Ministry of Finance, Government of India graced the occasion. Dun & Bradstreet Infra Awards recognize and felicitate India's leading infrastructure company who has delivered exemplary performance in the industry over the past year.



Bharti Infratel has been recognized as the winner under **Telecom Infrastructure Development category at Dun & Bradstreet Infra Awards 2019**. Bharti Infratel was recognized for its company performance in the telecom infrastructure space.



Bharti Infratel Limited has won the 10<sup>th</sup> Aegis Graham award for **'Bhopal Smart City'** under **Innovative Smart City Solution category at India Mobile Congress 2019 Delhi**.



## Intellectual Capital

Bharti Infratel has won the **"Leadership Award - Best Business Excellence Framework-2020"** by **"RE Assets India"**. The Jury had awarded this post evaluation of various management frameworks across industries over the past year.



## Social and Relationship Capital

Legal Team of Bharti Infratel Limited was adjudged and has been awarded as **"Best Legal Team of the year, 2019 – Telecom"** by Indian National Bar Association (INBA) on the 70<sup>th</sup> Constitution Day of India (26<sup>th</sup> November 2019).



# Business Responsibility Report

## Section A: General Information about the Company

1. Corporate Identity Number (CIN):	L64201HR2006PLC073821
2. Name of the Company	Bharti Infratel Limited
3. Registered Address	901, Park Centra, Sector-30, NH-8, Gurugram-122001, Haryana
4. Website	www.bharti-infratel.com
5. Email id	compliance.officer@bharti-infratel.in
6. Financial Year reported	2019-2020
7. Sector(s) that the Company is engaged in (industrial activity code-wise)	Telecom Tower Infrastructure Sharing Services

Industrial Group	Description
612	Activities of providing Telecom Tower Infrastructure Sharing for telecommunication services
As per National Industrial Classification – Ministry of Statistics and Programme Implementation	
8. List three key products / services that the Company manufactures / provides (as in balance sheet):	Services related to Telecom Tower Infrastructure Sharing. (Acquire, build, own and operate towers and related infrastructure).
9. Total number of locations where business activity is undertaken by the Company	Bharti Infratel Ltd. is carrying out business activity across all States of Union of India either directly or through our joint venture i.e. Indus Towers Limited
Number of International Locations (Provide details of major 5)	Nil
Number of National Locations	Bharti Infratel Ltd. is carrying out business activity across all States of Union of India either directly or through its joint venture i.e. Indus Towers Limited
10. Markets served by the Company - Local / State / National / International	At present, the Company is serving only Indian market

## Section B: Financial Details of the Company

- Paid up capital (₹) : 18,496 Mn
- Total turnover (₹)\* : 67,383 Mn
- Total profit after taxes (₹)\*\* : 17,466 Mn
- Total spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%): 2.73%
- List of activities in which expenditure in 4 above has been incurred:
  - Education of underprivileged children in rural areas across 6 States;
  - Scholarship to pursue/continue higher education to Students with Disabilities living in north east region of India;
  - Providing sanitation facilities in rural areas across Amritsar in Punjab – Satya Bharti Abhiyan;
  - Safe water provision and awareness on Water, Sanitation and Hygiene in marginalized Urban Schools across 6 cities;
  - Skilling unemployed youth (including women) belonging to marginalized communities in different trades including telecom and related industry trades;
  - Providing clean drinking water at public places in the remote and backward areas of Rajasthan by installing reverse osmosis water purification plants.

\*on standalone basis excluding other income

\*\*on standalone basis.



### Section C: Other Details

**1. Does the Company have any Subsidiary Company / Companies?**

Yes

**2. Do the Subsidiary Company / Companies participate in the BR Initiatives of the parent Company? If yes, then indicate the number of such subsidiary company(s).**

No

**3. Do any other entity / entities (e.g. suppliers, distributors etc.), that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity / entities? [Less than 30%, 30-60%, More than 60%]**

Few initiatives have been undertaken by our supplier/s, as per common practice, however, there is nothing significant to report.

### Section D: BR Information

**1. Details of Director / Directors responsible for BR:**

**a) Details of the Director / Directors responsible for implementation of the BR policy / policies:**

DIN Number : 06798626  
Name : Devender Singh Rawat  
Designation : Managing Director & CEO

**b) Details of the BR head:**

Name : Rajiv Arora  
Designation : Chief Legal, Regulatory & Corporate Affairs  
Telephone no. : +91 124 4132222  
e-mail id : rajiv.arora@bharti-infratel.in

**2. Principle-wise (as per NVGs) BR Policy / policies (Reply in Y / N):**

The National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business (NVGs) released by the Ministry of Corporate Affairs has adopted nine areas of Business Responsibility.

**Principle 1**

Businesses should conduct and govern themselves with Ethics, Transparency and Accountability.

**Principle 4**

Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized.

**Principle 7**

Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner.

**Principle 2**

Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle.

**Principle 5**

Businesses should respect and promote human rights.

**Principle 8**

Businesses should support inclusive growth and equitable development.

**Principle 3**

Businesses should promote the well-being of all employees.

**Principle 6**

Businesses should respect, protect, and make efforts to restore the environment.

**Principle 9**

Businesses should engage with and provide value to their customers and consumers in a responsible manner.

Sl. No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1.	Do you have a policy / policies for...	Y	Y	Y	Y	Y	Y	Y	Y	Y
2.	Has the policy been formulated in consultation with the relevant stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
3.	Does the policy conform to national / international standards? If Yes, specify? (50 words)*	Y	-	Y	Y	Y	Y	Y	Y	Y
4.	Has the policy being approved by the Board? If yes, has it been signed by MD / Owner / CEO / appropriate Board Director? **	Y	N	Y	Y	Y	Y	Y	Y	Y
5.	Does the Company have a specified committee of the Board/Director / Official to oversee the implementation of the policy? ***	Y	Y	Y	Y	Y	Y	Y	Y	Y
6.	Indicate the link for the policy to be viewed online?	Y#	N	N	Y	N	N	N	N	N
7.	Has the policy been formally communicated to all relevant internal and external stakeholders? ##	Y	Y	Y	Y	Y	Y	Y	Y	Y
8.	Does the Company have in-house structure to implement the policy/policies?	Y	Y	Y	Y	Y	Y	Y	Y	Y
9.	Does the Company have a grievance redressal mechanism related to the policy/policies to address stakeholders' grievances related to the policy/policies? ###	Y	Y	Y	Y	Y	-	-	Y	Y
10.	Has the Company carried out independent audit / evaluation of the working of this policy by an internal or external agency? ####	Y	N	Y	Y	Y	-	Y	Y	Y

\* All the policies are formulated with detailed consultation and benchmarking across industry. The Policies also conform compliance majorly with all applicable laws.

\*\* As per company practice, all the policies are approved by the concerned authority depending upon the nature of policy. The concerned authority could be either MD & CEO/Functional Head etc.

\*\*\* All the policies have a Policy Owner and the respective policy owners are responsible for implementation of the Policy.

# Except Code of Conduct / Ombudsperson Policy, all other policy documents are internal policies of the Company and thus, are not available on website of the Company. The Code of Conduct document can be accessed on the below link:

<http://www.bharti-infratel.com/cps-portal/web/i/SupplierTermsAndConditions.html>

[http://www.bharti-infratel.com/cps-portal/web/corporate\\_governance.html](http://www.bharti-infratel.com/cps-portal/web/corporate_governance.html)

## Except the Ombudsperson Policy which is available on the website of the Company, all other policies being in house are uploaded on the intranet and are accessible to all employees of the Company.

### Any Grievance relating to any of the policy can be escalated to the Policy owner/ MD & CEO/ Ombudsperson.

#### Implementation of the policies is evaluated as part of internal governance by policy owners.

**2a. If answer to question at Sr. No 1 against any principle, is 'No', please explain why: (Tick up to 2 options)**

Sl. No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1.	The Company has not understood the Principles	-	-	-	-	-	-	-	-	-
2.	The Company is not at a stage where it finds itself in a position to formulate and implement the policies on specified Principles	-	-	-	-	-	-	-	-	-
3.	The Company does not have financial or manpower resources available for the task	-	-	-	-	-	-	-	-	-
4.	It is planned to be done within next six months	-	-	-	-	-	-	-	-	-
5.	It is planned to be done within next one year	-	-	-	-	-	-	-	-	-
6.	Any other reason (please specify)	-	-	-	-	-	-	-	-	-

**3. Governance related to BR:**

- Indicate the frequency with which the Board of Directors, Committee of the Board or CEO assess the BR performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 year.

The Managing Director & CEO assesses the BR performance of the Company on annual basis.

- Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?

Yes, the BR and Sustainability Reporting forms part of the Integrated Report, which is published annually.

**Section E: Principle-wise Performance****Principle 1:****Ethics, Transparency and Accountability**

Businesses should conduct and govern themselves with Ethics, Transparency and Accountability.

- Does the policy relating to ethics, bribery and corruption cover only the Company? Yes / No. Does it extend to the Group / Joint Ventures / Suppliers / Contractors / NGOs / Others?

Bharti Infratel Ltd.'s commitment towards compliance to the highest governance standard is backed by an independent and fully informed board, comprehensive processes, policies and

communication. The Company adheres to the highest level of ethical business practices as articulated by its Code of Conduct to achieve its performance with integrity. Policy relating to ethics, bribery and corruption is duly covered under Bharti's Code of Conduct. This policy extends to the entire Bharti Group and covers employees, suppliers and contractors, service providers and their employees. Additionally, the Company's Consequence Management Policy prescribes the action to be initiated in all confirmed cases of violation.

- How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details thereof in about 50 words or so.

In FY 2019-20, 20 cases of allegations of financial impropriety/ bribery were received. Post investigations, the allegations were substantiated in 7 cases in which action was initiated according to the Consequence Management Policy and in 8 cases, the investigation is in progress.

**Principle 2:****Product Lifecycle Sustainability**

Businesses should provide safe goods and services that are safe and contribute to sustainability throughout their life cycle.

- List up to three of your products or services whose designs have incorporated social or environmental concerns, risks and/ or opportunities.

Our contribution towards green initiatives and environmental improvement are as below -

- i) Continued to install solar powered solutions to sites as an alternate energy resource.
- ii) Introduced free cooling units to replace existing air-conditioners at few sites for reducing the energy consumption.
- iii) Installed fuel cells at sites in NE under pilot program, replacing diesel power generators and Zeroing down noise and carbon emission from DG, which anyway is maintained under green limits.
- iv) Introduced additional initiatives towards reducing energy consumption viz. battery bank hybrids, lithium ion batteries, indoor to outdoor conversion of BTS at sites.
- v) Concertized and executed Indoor to outdoor project under which ACs were removed from the BTS sites with modification in design, thereby saving huge energy.
- vi) Conceptualized NMTC (Nono Molecular Thermal Conductor), which will help make site greener with lower consumption of fuel.
- vii) RESCO based solutions are helping us in energy cost reduction as well as rendering community support services.

2. For each such product, provide the following details in respect of resource use (energy, water, raw material and so on) per unit of product (optional):

- a) Reduction during sourcing/production/distribution achieved since the previous year through out the value chain?

The Company has reduced energy and transportation costs as a result of the aforesaid initiatives.

- b) Reduction during usage by consumers (energy, water) has been achieved since the previous year?

The Company has reduced significant CO<sub>2</sub> emissions by implementation of the aforesaid initiatives.

3. Does the Company have procedures in place for sustainable sourcing (including transportation)? If yes, what percentage of your inputs was sourced sustainably? Also provide details thereof, in about 50 words or so.

Yes. The Company has implemented various sustainable supply chain practices and initiatives and at the same time ensures timely and cost effective deliveries for necessary resources.

Multiple sources are developed for sourcing inbound material and are being mapped to circle for consumption maintaining shortest travel distance.

Warehouses are strategically oriented for shortest distance to sites and returns. Compliances to Govt. standards are maintained while procuring fresh goods and discard of used and scrap assets. Emphasis and strategy is practiced for repair and reuse of assets.

4. Has the Company taken any steps to procure goods and services from local and small producers, including communities surrounding their place of work? If yes, what steps have been taken to improve their capacity and capability of local and small vendors?

Yes, the Company sources most of its products locally and regional suppliers are engaged to provide services. Their capacities have improved over a period of time by the Company giving them more business in phases.

Company maintains emphasis in development of local and regional partners thereby creating direct and indirect employment and encouraging development of skill for local community.

5. Does the Company have a mechanism to recycle products and waste? If yes, what is the percentage of recycling them (separately as <5%, 5-10%, >10%)? Also provide details thereof, in about 50 words or so.

Yes, the Company sells its products to recyclers for further usage. Also, the Company's products are refurbished for reuse from its principle supplier/s.

**Principle 3:**

Employee well-being

**Businesses should promote the well-being of all employees**

1. Total number of employees.

As on March 31, 2020, the strength of Bharti Infratel Ltd.'s on roll workforce stands at a total of 1,248.

2. Total number of employees hired on temporary / contractual / casual basis

As on March 31, 2020, the strength of Bharti Infratel Ltd.'s workforce on temporary basis stands at a total of 4,466.



3. Total number of permanent women employees.

As on March 31, 2020, the strength of Bharti Infratel Ltd.'s permanent women employees stands at a total of 113.

4. Total Number of permanent employees with disabilities.

As on March 31, 2020, the strength of Bharti Infratel Ltd.'s permanent employees with disabilities stands at a total of 17.

5. Do you have an employee association that is recognised by the Management?

No.

6. What percentage of your permanent employees is member of this recognised employee association?

NIL.

7. Please indicate the number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year are pending as on the end of the financial year.

No pending complaints in any category mentioned above.

8. What percentage of your under-mentioned employees were given safety and skill up-gradation training in the last year?

a) <b>Permanent employees</b>	96.5% New Joinees mandatory Safety Training, 97.7% Safety Refresher & 95% Skill Upgradation (Behavioral & Functional)
b) <b>Permanent women employees</b>	94.7% New Joinees mandatory Safety Training, 98.6% Safety Refresher & 95% Skill Upgradation (Behavioral & Functional)
c) <b>Casual/ Temporary/ Contractual Employees</b>	99.6% New Joinees mandatory Safety Training 95.6% Safety Refresher and on going on the job training.
d) <b>Employees with disabilities</b>	100% New Joinees mandatory safety training, 96% Safety Refresher & 100% Skill Upgradation (Behavioral & Functional)

**Principle 4:**

**Stakeholder engagement**

**Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalised.**

1. Has the Company mapped its internal and external stakeholders? Yes / No

Yes, the Company has mapped its stakeholders as a part of its stakeholder engagement process. Key categories are:

- 1) Customers
- 2) Shareholders/Investors
- 3) Partners (Suppliers/Vendors/Landlords)
- 4) Employees
- 5) Regulatory Bodies
- 6) Industry forum
- 7) Community at large including the disadvantages groups and vulnerable sections like children/ unskilled youth and the civil society.

2. Out of the above, has the Company identified the disadvantaged, vulnerable and marginalised stakeholders?

The Company through its CSR works with disadvantaged, vulnerable and marginalized stakeholders, in association with Bharti Foundation, Shishu Sarothi and PanIT Alumni Reach for India Foundation. All our beneficiaries through the social development projects implemented by the above-mentioned organizations are centered around the marginalized, economically weak and disadvantaged sections of the society, especially the girl child, underprivileged women, persons with disabilities and unemployed youth. Our company's community initiatives are being implemented in both rural and urban areas.

Besides the direct project implementation through these organizations, the company with the support of its employees also contributes funds to several other non-profit organizations including Helpage India, SOS Children's Village of India, CRY (Child Rights and You), National Association for the Blind and Bharti Foundation.

### 3. Are there any special initiatives undertaken by the Company to engage with the disadvantaged, vulnerable and marginalised stakeholders?

Bharti Infratel has always been at the forefront of providing support towards social concerns like education, sanitation and skill development. Our efforts to promote inclusion of people with disabilities and bring them into the mainstream have also been appreciated at different platforms including by the government.

Our commitment to building a business that has a positive impact on the society and caring for the community that we operate in, is an integral part of our business strategy. We have a very clear CSR vision of building an empowered society through education and community development which is also embedded within our CSR policy. Company's focus on varied social intervention and the governance system that guide us in delivering the desired impact on ground are well defined in our CSR Policy as well.

This year also the focus continues on promoting education of underprivileged children and students with disabilities, providing proper sanitation facilities in rural communities, besides supporting related issues on the community health/well-being and creating livelihood opportunities for marginalized youth through skill development.

Education, being the main focus of our social development interventions, is being supported through Bharti Foundation, the philanthropic arm of Bharti Group. Through the Satya Bharti School Program, more than 39,489 students are provided free quality education through 192 schools across 6 states of India (Haryana, Punjab, Rajasthan, West Bengal, Tamil Nadu and Uttar Pradesh). This program has also created employment opportunity for more than 1,396 teachers from the surrounding communities. The education and other facilities like mid-day meals, books, uniforms, etc. are provided free. Community interactions are maintained on regular basis and several community based initiatives are organized to influence the behaviors of the rural community towards education and other social concerns specific to their region. This program also focuses on bringing about sustainable changes through the use of technology by these underprivileged children. In Satya

Bharti Schools, 50% of our students are girls and 73% of our teachers are females. Similarly, the Bharti Infratel Scholarship Program provided financial support for higher education to 196 underprivileged students with disabilities from the Northeastern region of the country and 40% of the scholarship beneficiaries are girls with disabilities.

For creating Livelihood opportunities for unskilled rural youth in the Telecom Sector, In the year 2017-18, Bharti Infratel launched a demand-led residential skill-development program for unskilled rural youth belonging to marginalised communities in Telecom trades, which provided them with an assurance of placement in the Telecom industry across the country. It partnered with PARFI (PanIT Alumni Reach for India Foundation) to setup the first Telecom Gurukul (Rural residential skill centers managed by ex-Armed Forces JCOs) at Deoghar district in the State of Jharkhand. The State Government also supported the project by providing building, land and capex. NABARD and NABFINS were the other project partners who provided microfinancing to the candidates to undertake the course. A total of 201 trainees have completed their training as Tower technicians and Riggers and 192 out of these were offered placement highlighting more than 95% placement rate.

#### Principle 5:

##### Human rights

#### Businesses should respect and promote human rights

##### 1. Does the policy of the Company on human rights cover only the Company or extend to the Group / Joint Ventures / Suppliers / Contractors / NGOs / Others?

Bharti Infratel Ltd. does not have a specific policy only on human rights. However, aspects of the same have been covered in Bharti's Code of Conduct, which extends to all employees and contractors, group companies, joint ventures and suppliers.

##### 2. How many stakeholder complaints were received in the past financial year and what percent was satisfactorily resolved by the Management?

Two complaints w.r.t. non-receipt of dividend warrant were received during the financial year 2019-2020 which were duly redressed.

**Principle 6:**Environmental management**Businesses should respect, protect, and make efforts to restore the environment**

1. Does the policies related to Principle 6 cover only the Company or extends to the Group / Joint Ventures / Suppliers / Contractors / NGOs / Others?

The safety policy as of now is covering only the Company and its employees, contractors.

2. Does the Company have strategies / initiatives to address global environmental issues, such as climate change, global warming, and others? Y/N. If yes, please give hyperlink for webpage etc.

Yes. The Company has pro-actively taken steps to create positive impact on the environment. We continue to stride towards being a Zero Emission Network (ZEN) organisation. Refer Natural Capital section of the Integrated Report for more details.

3. Does the Company identify and assess potential environmental risks? Y / N

Yes

4. Project(s) related to Clean Development Mechanism.

Currently, the company is not undertaking any project related to Clean Development Mechanism.

5. Has the Company undertaken any other initiatives on clean technology, energy efficiency, renewable energy and so on? If yes, please give hyperlink to web page and others.

Yes, the Company has taken multiple initiatives towards energy efficiency and use of renewable energy at its site. Refer the Natural Capital Section of the Integrated Report for more details.

6. Are the emissions/waste generated by the Company within the permissible limits given by CPCB/SPCB for the financial year being reported?

The Company in most of the cases is well within the permissible limits.

7. Number of show cause / legal notices received from CPCB / SPCB, which are pending (i.e. not resolved to satisfaction) as at the end of the financial year.

As per the records available with the Company, there is no notice pending at the end of the financial year.

**Principle 7:**Public Advocacy**Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner.**

1. Is your Company a member of any trade and chambers or association? If yes, name only those major ones that your business deals with.

The Company is inter alia a member of the following business associations:

- Tower and Infrastructure Providers Association (TAIPA)
- Confederation of Indian Industry (CII)

2. Have you advocated / lobbied through the above associations for the advancement or improvement of public good? Yes / No; if yes, specify the broad areas (drop box: governance and administration, economic reforms, inclusive development policies, energy security, water, food security, sustainable business principles and others)

Whenever any consultation paper is released by TRAI and/or policy/guideline related to telecom Infrastructure including towers is issued by Department of Telecommunications, any State Govt. or any local authority(ies), the Company provides its inputs directly as well as through Industry association(s) for an appropriate representation to the Licensor/ Regulator / respective State or local authority. Bharti Infratel Ltd. focuses on public policies that maximise the ability of individuals and companies to innovate, increase job creation, benefit the daily lives of people and strengthen the country's economy. We work to ensure that our public policy positions complement or advance our sustainability and citizenship objectives. Our focus is centered on the provision of robust telecom passive infrastructure at affordable price to our customers.

## Principle 8:

### Inclusive growth

#### **Businesses should support inclusive growth and equitable development**

#### 1. Does the Company have specified programmes / initiatives / projects in pursuit of the policy related to Principle 8? If yes, provide details thereof.

Our business processes promote inclusion of our different stakeholders as per the requirements on ground, especially the communities that we operate in. These ensure that our people and communities at large are included and empowered through sustainable economic growth by:

- Building a quality driven telecommunication infrastructure even in the remotest and conflict hit locations including Kashmir, North East and the Naxalite affected areas and thereby connecting the unconnected.
- Generating employment on equal opportunity basis and business opportunities directly as well as indirectly, especially in rural areas wherein employment opportunities are otherwise minimal.

The Company's contribution towards social development through its social responsibility programs and projects have slowly ensured that it enjoys the goodwill of the community that it operates in. Our focuses on multiple social concerns through a number of non-profit organizations has strengthened our reach and connect with the last mile beneficiary.

Our programs do the following on a large as well as small scale:

- Advocacy on importance of quality education especially of the girl child in rural communities.
- Provide sanitation infrastructure in rural areas and promote good health and well-being of marginalised community and information for sustained learning.

- Train and provide employment opportunities for local youth belonging to the marginalized sections of the society as Teachers.
- Provide employment opportunities for mothers of the children who study in Satya Bharti Schools as mid-day meal vendors.
- Providing access to funds for students with disabilities to pursue education and lead an empowered and dignified life.
- Provide need based skills and livelihood opportunities to marginalized youth living in urban slums or rural areas for their economic empowerment and to lead life with dignity.

#### 2. Are the programmes / projects undertaken through in-house team / own foundation / external NGO / government structures / any other organisation?

Our partnership with our CSR project implementing partner organisations has not only helped in understanding issues in depth but we have also supported them in building their capacity, wherever required. We have been active in promoting social development programmes/projects through these partnerships at national, regional and state level. Our project implementing partners consist of in-house teams / own foundation/ external NGOs/ government structures. Education and sanitation programs of Infratel are being implemented through Bharti Foundation and Shishu Sarothi. The Skill Development and livelihood program is implemented in association with PanIT Alumni Reach for India Foundation. Other agencies that are being supported by Infratel and its employees include SOS Village of India, HelpAge India, National Association of Blind and Child Rights and You (CRY).

#### 3. Have you done any Impact assessment of your initiative?

We conducted a third-party mid-term assessment of Project Telecom Gurukul with support from Innovative Financial Advisors Pvt. Ltd. and end line impact assessment with support from PricewaterhouseCoopers Pvt. Ltd. to ascertain the progress and impact.

4. What is the Company's Direct contribution to community development projects- Amount in INR and the details of the projects undertaken.

During the year 2019-2020, Bharti Infratel Ltd. has contributed ₹ 598 Mn towards various social and community initiatives, which includes a spent of ₹ 477 Mn towards CSR projects undertaken by the Company. For details of the projects, please refer Annexure E to the Board's Report.

5. Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in around 50 words.

In FY 2019-20, Bharti Infratel Ltd. has onboarded third-party monitoring and evaluation organizations, Innovative Financial Advisors Pvt. Ltd. and PricewaterhouseCoopers Pvt. Ltd. for periodic monitoring and evaluation of its programmes – Bharti Infratel Scholarship Programme, Satya Bharti School Program, Satya Bharti Quality Support Program, Satya Bharti Abhiyan and Telecom Gurukul. Additionally, periodic monitoring measures, meeting with beneficiaries and on ground need assessment is the basis for implementing our social development projects across different locations. Programs that are proposed to address issues like education, water & sanitation, skill development etc., have ensured involvement/participation of the community members as well. They are involved for better implementation and assessment of the projects in their respective areas. Support from various government departments have also been received for these projects. Our social initiatives look at the holistic benefit of the community at large.

#### Principle 9:

##### Value for customers

**Businesses should engage with and provide value to their customers and consumers in a responsible manner.**

1. What percentage of customer complaints / consumer cases is pending, as on the end of the financial year?

Three consumer cases are pending one in UPE and two in MPCG. Percentage is less than 1% at the end of the financial year. Pertinently, none of these are maintainable as the complainants do not fall within the definition of consumers.

2. Does the Company display product information on the product label, over and above what is mandated as per local laws? Yes / No / N.A. / Remarks (additional information).

N.A.

3. Cases filed by any stakeholder against the Company regarding unfair trade practices, irresponsible advertising and / or anti-competitive behaviour during the last five years and pending as at the end of the financial year. If so, provide details thereof, in about 50 words or so.

No such case reported as per the records maintained by us.

4. Did your Company carry out any consumer survey / consumer satisfaction trends?

Bharti Infratel Ltd. values its customer's voice and had actively engaged an external independent agency who has already carried out the Customer Satisfaction Survey across all customers for the FY 2019-2020.



# Board's Report

## Dear Members,

Your Directors are pleased to present the Fourteenth Board's Report on the business and operations of Bharti Infratel Limited ('the Company') together with the audited financial statements for the financial year ended March 31, 2020.

## Business Overview

Bharti Infratel is a provider of tower and related infrastructure sharing services. On a consolidated basis, we are one of the largest pan-India tower infrastructure providers, based on the number of towers owned and operated by Bharti Infratel Limited and Indus Towers Limited, which are represented by Bharti Infratel's 42% equity interest in Indus Towers. The business of Bharti Infratel and Indus Towers is to acquire, build, own and operate towers and related infrastructure. Bharti Infratel and Indus Towers provide access to their towers, primarily to wireless telecommunication service providers, on a shared basis under long-term contracts. We cater to all wireless telecommunication service providers in India.

We have a nationwide presence with operations in all 22 telecommunication circles in India, with Bharti Infratel and Indus Towers having operations in 4 overlapping circles.

As on March 31, 2020, Bharti Infratel owned and operated 42,053 towers with 75,715 co-locations in 11 telecommunication circles while Indus Towers operated 126,949 towers with 235,396 co-locations in 15 telecommunication circles. With Bharti Infratel's towers and its 42% interest in Indus Towers, we have an economic interest in the equivalent of 95,372 towers and 174,581 co-locations in India as on March 31, 2020.

We have entered into Master Service Agreements (MSAs) with our customers. The MSAs are long-term contracts which set out the terms on which access is provided to Bharti Infratel's and Indus' towers, with all service providers being offered substantially the same terms and receiving equal treatment at towers where they have installed their active infrastructure. Under the MSAs, Bharti Infratel and Indus Towers enter into service contracts in respect of individual towers. The MSAs and service contracts govern Bharti Infratel's and Indus' relationship with their customers, the services provided, the applicable charges and incorporate annual escalation clauses in respect of the applicable charges. This provides stability to our business and provides visibility with regard to future revenues.

## Covid-19

The World Health Organization declared the Novel Coronavirus disease (COVID-19) a global pandemic on March 11, 2020. On March 24, 2020, the Government of India under Prime Minister Narendra Modi ordered a nationwide lockdown for 21 days, Telecom was covered under essential services and citizens reliance on telecom networks shot up multi folds. Our employees are working overtime to ensure that the vital connectivity is maintained at all times while enforcing social distancing and other safety protocols to contain the spread of the disease. 100% of our employees are able to seamlessly work from home and deliver service to all our customers. Our offices all over India have been operating with minimal or no staff.

To effectively respond to and manage our operations through this crisis, the Company triggered its business continuity plans even before the lockdown. We have a war room to closely supervise all developments and with daily management meetings to monitor safety of our employees, review network and business performance. We are able to deliver on customer expectations. This response has reinforced customer confidence on Bharti Infratel and many of them have expressed their appreciation for keeping their businesses running under most challenging conditions.

Our topmost priority is the network health and well-being of our employees and partners. We have taken all the necessary steps to maintain the network performance while ensuring safety of all involved. In these challenging times, our infrastructure remains the main source for telcos to provide their service to people for business, entertainment and social interactions. Our people were on the field with all necessary precautions and ensuring networks were up and running.

The robustness of our IT team along with our partners was once again established to ensure process continuity in this rapidly evolving business continuity arrangements. The IT systems and collaboration tools were scaled up overnight for seamless work-from-home for 100% of our staff.

The passive infrastructures as well as active telecom operations of the customers are covered under essential services which are actively engaged in fulfilling the surge in demand arising out of the choice exercised by almost all industries to conduct their operations remotely. Hence, the telecom industry is among the businesses that are least impacted due to COVID-19. The Company believes

that thus far, there is no significant impact of COVID-19 pandemic on the financial position and performance of the Company. Further, the Company is not expecting any significant changes in estimates as of now as it is running its business and operations as usual without any major disruptions.

As a responsible member of the society, the Company has contributed to various COVID-19 reliefs and monitoring programs in India and a contribution fund was also established for employees to extend their support towards COVID-19 relief efforts which was equally matched by the company and contributed to PM CARES. Additionally, the Company has already contributed ₹ 250 Mn on April 2, 2020 to PM CARES Fund for India's fight against Covid19.

## Financial Highlights

### A. Consolidated financial results as per Ind AS<sup>1</sup>

(₹ Millions)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Revenue <sup>2</sup>	67,430	68,262
EBIDTA <sup>2</sup>	36,176	31,666
Profit before Tax	37,875	35,527
Profit after Tax	32,987	24,938

<sup>1</sup>Basis Equity Method

<sup>2</sup>Revenue & EBITDA are excluding other income

### B. Standalone financial results as per Ind AS

(₹ Millions)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Revenue <sup>1</sup>	67,383	68,217
EBIDTA <sup>1</sup>	36,170	31,680
Profit before Tax	24,122	36,651
Profit after Tax	17,466	27,790

<sup>1</sup>Revenue & EBITDA are excluding other income

## Share Capital

During the year, there was no change in the Company's issued, subscribed and paid-up equity share capital. On March 31, 2020, it stood at ₹ 18,496,082,460 represented by 1,849,608,246 equity shares of ₹ 10 each.

## Transfer to Reserves

The Company has not transferred any amount to the General Reserve for the financial year ended March 31, 2020.

## Dividend

On August 12, 2019, the Board of Directors ('Board') had declared 1<sup>st</sup> interim dividend of ₹ 3.65 per equity share of ₹ 10 each fully paid up (36.5% of face value) for the financial year 2019-2020 amounting to ₹ 6,751 Mn (excluding tax on dividend). On December 10, 2019, the Board had declared 2<sup>nd</sup> interim dividend of ₹ 2.75 per equity share of ₹ 10 each fully paid up (27.5 % of face value) for the financial year 2019-2020 amounting to ₹ 5,087 Mn (excluding tax on dividend) and on April 23, 2020 the Board has declared 3<sup>rd</sup> interim dividend of ₹ 4.10 per equity share of ₹ 10 each fully paid up (41 % of face value) for the financial year 2019-2020 amounting to ₹ 7,583 Mn (Dividend Distribution Tax not applicable) thereby resulting in a total dividend of ₹ 10.50 per equity share of ₹ 10 each fully paid up (105% of face value) for the financial year 2019-2020 amounting to ₹ 19,421 Mn.

## Dividend Distribution Policy

As per Regulation 43A of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('the Listing Regulations'), top 500 listed companies based on the market capitalization shall formulate a dividend distribution policy. Accordingly, the policy was adopted by the Board of the Company to set out the parameters and circumstances that will be taken into account by the Board in determining the distribution of dividend to its shareholders and/ or retaining profits earned by the Company. The Dividend Distribution Policy is available on the Company's website at [www.bharti-infratel.com](http://www.bharti-infratel.com) and is annexed as Annexure A to this Report.

## Transfer of amount to Investor Education and Protection Fund

During the financial year 2019-2020, the Company has transferred the unclaimed IPO Refund amount of ₹ 511,000 to the Investor Education and Protection Fund ('IEPF') Account established by the Central Government.

The investors whose application money has been transferred to IEPF may seek refund from the competent authority in accordance with the provisions of law.

The Company has also uploaded the details of unpaid and unclaimed dividend amounts lying with the Company as on July 23, 2019 (date of last Annual General Meeting) on the Company's website [www.bharti-infratel.com](http://www.bharti-infratel.com).

### Nodal Officer

In accordance with the provisions of sub-rule (2A) of Rule 7 of Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, Ms. Samridhi Rodhe has been appointed as the Nodal Officer of the Company. The details are available on the Company's website at [www.bharti-infratel.com](http://www.bharti-infratel.com).

### Fixed Deposits

The Company has not accepted any fixed deposit and as such no amount of principal or interest was outstanding as on the date of balance sheet.

### Significant Developments

#### *Amalgamation of Indus Towers Limited with and into Bharti Infratel Limited*

On April 25, 2018, Bharti Infratel Limited ('Infratel') and Indus Towers Limited ('Indus') entered into a proposed scheme of amalgamation and arrangement ('Scheme') to create a pan-India tower company operating across all 22 telecom service areas. The combined company, which will fully own the respective businesses of Infratel and Indus, will change its name to Indus Towers Limited and will continue to be listed on the Indian Stock Exchanges.

Pursuant to an order dated May 31, 2019, the Hon'ble National Company Law Tribunal, Chandigarh Bench, sanctioned the Scheme of Amalgamation of Indus Towers Limited with and into Bharti Infratel Limited. Approval of Department of Telecommunications (DoT) for increase in the foreign investment limit of the Company pursuant to the Scheme was received on February 21, 2020.

Pending the completion of other actions/ conditions precedent for the Scheme to become effective, the Board had extended the Long Stop Date till June 24, 2020, subject to agreement on closing adjustments and other conditions precedent for closing, with each party retaining the right to terminate and withdraw the Scheme. The decision to implement the Scheme will be taken by the Board keeping in mind the best interest of the Company and its stakeholders.

## Directors and Key Managerial Personnel

### Induction, Re-appointment and Resignation

Mr. Prakul Kaushiva (DIN: 08285582) was appointed as a Director of the Company liable to retire by rotation by the shareholders at the last Annual General Meeting (AGM) of the Company held on July 23, 2019. He resigned from the Board w.e.f. December 30, 2019. The Board placed on record its sincere appreciation for the guidance and contribution made by him during his tenure on the Board.

Mr. Bharat Sumant Raut (DIN: 00066080), Mr. Jitender Balakrishnan (DIN: 00028320), Dr. Leena Srivastava (DIN: 00005737) and Mr. Narayanan Kumar (DIN: 00007848) were re-appointed as Independent Directors of the Company by the shareholders at the last AGM of the Company held on July 23, 2019 for a further term of five years w.e.f. April 01, 2019.

Pursuant to the provisions of the Companies Act, 2013, Mr. Rajan Bharti Mittal (DIN: 00028016), Director of the Company will retire by rotation at the ensuing AGM and being eligible, has offered himself for re-appointment. The Board recommends his re-appointment as Director at the ensuing AGM.

The Board, in its meeting held on March 30, 2020, re-appointed Mr. D S Rawat (DIN: 06798626) as Managing Director & CEO w.e.f. April 1, 2020 up till September 30, 2020 or up till the date of ensuing AGM, whichever is earlier.

Mr. R P Singh (DIN: 02943155) is completing his present term as Independent Director of the Company on July 14, 2020. On the recommendation of the HR, Nomination and Remuneration Committee, the Board in its meeting held on April 23, 2020, subject to the approval of shareholders, has re-appointed him as an Independent Director for a further term of five years w.e.f. July 15, 2020. Keeping in view his diverse and vast experience, contributions made by him and based on his evaluation report, the Board recommends his re-appointment at the ensuing AGM.

Mr. S Balasubramanian, Chief Financial Officer, has resigned w.e.f. December 5, 2019. The Directors placed on record their appreciation for the contribution made by him during his tenure.

### Declaration by Independent Directors

The Company has received declarations from all the Independent Directors of the Company confirming that they meet the criteria of independence as prescribed under Section 149 of the Companies

Act, 2013 and Regulation 16 & 25 of the Listing Regulations. The Independent Directors have also confirmed that they have complied with the Company's code of conduct.

### **Policy on Nomination, Remuneration and Board Diversity**

The Company believes that building a diverse and inclusive culture is integral to its success. A diverse Board will be able to leverage different skills, qualifications, professional experiences, perspectives and backgrounds, which are necessary for achieving sustainable and balanced development. The Board has adopted a Policy on Nomination, Remuneration and Board Diversity, which sets out the criteria for determining qualifications, positive attributes and independence of a director. The detailed policy is available on the Company's website at <http://www.bharti-infratel.com/cps-portal/web/pdf/Policy%20on%20Nomination,%20Remuneration%20and%20Board%20Diversity%20Update.pdf> and is annexed as **Annexure B** to this Report.

### **Annual Board Evaluation and Familiarisation Programme for Board Members**

A note on the familiarisation programme adopted by the Company for orientation and training of the Directors, and the Board Evaluation process undertaken in compliance with the provisions of the Companies Act, 2013 and Listing Regulations is provided in the Report on Corporate Governance, which forms part of this Integrated Report.

The HR, Nomination and Remuneration Committee has put in place a robust framework for evaluation of the Board, Board Committees and Individual Directors. Customized questionnaires were circulated, responses were analyzed and the results were subsequently discussed by the Board. Recommendations arising from the Evaluation process were duly considered by the Board to further augment its effectiveness. A detailed update on the Board Evaluation is provided in the Report on Corporate Governance which forms part of this Integrated Report.

### **Board Meetings**

During the financial year 2019-2020, the Board of Directors met 9 times i.e. on April 24, 2019; July 24, 2019; August 12, 2019; October 21, 2019; October 24, 2019; December 10, 2019; January 30, 2020; February 24, 2020 and March 30, 2020. The period between any two consecutive meetings of the Board of Directors of the Company was not more than 120 days.

The details regarding composition, number of Board meetings held and attendance of the Directors during the financial year 2019-2020 are set out in the Report on Corporate Governance which forms part of this Integrated Report.

### **Board Committees**

The Company has several Board Committees which have been established as part of the best corporate governance practices and are in compliance with the requirements of the relevant provisions of applicable laws and statutes. As on March 31, 2020, the Board has 5 Committees, namely, Audit & Risk Management Committee; HR, Nomination and Remuneration Committee; Corporate Social Responsibility (CSR) Committee; Stakeholders' Relationship Committee and Committee of Directors. The details with respect to the composition, powers, roles, terms of reference, number of meetings held etc. of the Committees during the financial year 2019-2020 and attendance of the members at each Committee meeting is provided in the Report on Corporate Governance which forms part of this Integrated Report.

All the recommendations made by the Committees of the Board including the Audit & Risk Management Committee were accepted by the Board.

### **Subsidiary/ Joint Venture/ Associate Company**

As on March 31, 2020, the Company has a wholly owned subsidiary named Smartx Services Limited. The Company has a joint venture named Indus Towers Limited which is in the process of amalgamating with the Company.

In accordance with Section 129(3) of the Companies Act, 2013, the Company has prepared consolidated financial statements of the Company, its subsidiary and joint venture, which forms part of this Integrated Report. A statement in Form AOC- 1, containing the salient features of the financial statements of the subsidiary and joint venture company is annexed as **Annexure C** to this Report. The statement also provides the details of performance and financial position of the subsidiary and joint venture.

Audited financial statements of Smartx Services Limited for the financial year 2019-2020 have been placed on the website of the Company, [www.bharti-infratel.com](http://www.bharti-infratel.com). The audited financial statements of the subsidiary company is available for inspection at the Company's registered office and registered office of the

subsidiary company. Shareholders interested in obtaining a copy of the audited financial statements of subsidiary company may write to the Company Secretary at the Company's registered office.

## Human Resources

At Bharti Infratel, we believe that our people are key to the success of our business. While we boast of having telecom industry's best talent in the Company, our aim is to sustain our fervor as an employer of choice for prospective employees and provide an enriching career to them.

For a young organization like Bharti Infratel, which operates in the B2B space, defining and percolating an organization wide culture and becoming an employer of choice are two important and interrelated aspects. During our journey, we have realized that the first step in creating an employer brand is to define and articulate the culture which proves to be a differentiating factor for external and internal employees. As part of the process, in financial year 2018-2019, we conducted a study not only to define and articulate the culture, but also to create a transformation roadmap for enabling change and aligning our systems and processes to the organization and leadership expectations. This year, we have continued our focus on the key drivers of organization culture.

Promoting Diversity & Inclusion within the organization has become an intrinsic part of our organization culture. Over a period of time, we have been successful in creating an environment where diversified talent is being utilized not only for office based roles but also for field roles. Currently, our diversity figure is 10.4%, out of which 21.5% are assigned to field roles. While diversity here includes both gender and physically challenged, increasing and encouraging women talent continues to be our main focus. Continuing our efforts towards ensuring conducive environment to women employees, this year we introduced 'No-Excuses', an online module on Prevention of Sexual Harassment at Workplace (POSH) and have made it a part of compulsory training module for all our employees. Another effort in the same direction was 'Be Bold for Change' campaign as part of International Women's Day celebration in 2019.

As part of our commitment to our employees and society at large, workplace safety has become an ingrained feature in the decision making of the Company. Company has an effective Safety Policy in place that strives for zero fatality and prevents all workplace injuries. In order to ensure safe work practices, Cardinal Safety Rules and Consequence Management Matrix have already been

framed, implemented and are regularly circulated. Monthly safety meetings are held at our circles by the Circle Safety Committee to reiterate & refresh safety guidelines, review safety checklist, discuss safety incidents & near misses, and share with employees the learnings from any incident. Every new employee is required to undergo mandatory safety training and existing employees have to undergo annual refresher training.

Connecting and engaging with nearly 1,248 employees and 4,466 off-roll manpower who are spread across our 11 circles, 75 zones and 391 clusters has become possible through our Last Mile Connect (LMC) program. It has proven to be a critical and deciding factor in keeping morale of the employees high while ensuring their engagement at the same time. As part of the program, different Connect forums & Open House sessions were organized across circles.

Continuous learning is a critical step in building organization culture and being future ready. It is important for employees to take charge of their own learning needs and development. To enable the same, Infratel initiated its partnership with Lynda - LinkedIn Learning last year and continued it this year as well. Through such digital learning platform, employees are able to access world class content on the go. Traditional learning methods, including class room intervention, as part of organization's efforts to improve efficiency and effectiveness of employees also continued during the year. 100% of the employees who were nominated for developmental interventions were able to complete at least one of the identified program. As part of our commitment towards holistic development, employees are continuously being encouraged to go for external certifications and MDP programs from elite institutions like ISB, IIMs, etc.

## Employees Stock Option Plan

To retain, promote and motivate the best talent in the Company and to develop a sense of ownership among employees, the Company has instituted two ESOP schemes i.e. Employee Stock Option Scheme 2008 (ESOP Scheme 2008) and Employee Stock Option Scheme 2014 (ESOP Scheme 2014) with the approval of shareholders. The said schemes are in compliance with the SEBI (Share based Employee Benefits) Regulations, 2014, (ESOP Regulations). The HR, Nomination and Remuneration Committee monitors the Company's ESOP schemes.

In accordance with the ESOP Regulations, the Company had set up Bharti Infratel Employees' Welfare Trust (ESOP Trust) for the purpose of implementation of ESOP Schemes. Both the ESOP schemes are administered through ESOP Trust, whereby shares



held by the ESOP Trust are transferred to the employees, upon exercise of stock options as per the terms of the Scheme. In terms of ESOP Regulations, neither the ESOP Trust nor any of its trustees exercise voting rights in respect of the shares of the Company held by the ESOP Trust.

During the financial year 2019-2020, Company has granted 134,737 stock options under the ESOP Scheme 2014. A detailed report with respect to options exercised, vested, lapsed, exercise price, vesting period etc. under ESOP Scheme 2008 and ESOP Scheme 2014 is disclosed on the website of the Company at <http://www.bharti-infratel.com/cps-portal/web/shares.html>.

A certificate from M/s Deloitte Haskins & Sells LLP, Chartered Accountants, Statutory Auditors, with respect to ESOP Scheme 2008 and ESOP Scheme 2014 would be placed before the shareholders at the ensuing AGM and a copy of the same will also be available for inspection at the registered office of the Company.

## Auditors and Auditors' Report

### Statutory Auditors & their Report

In terms of the provisions of Section 139 of the Companies Act, 2013, M/s Deloitte Haskins & Sells LLP, Chartered Accountants, Gurgaon, (firm registration number 117366W/W-100018) ('Deloitte') were appointed as the Statutory Auditors of the Company by the shareholders in the 11<sup>th</sup> AGM of the Company held on July 22, 2017, for a period of five years i.e. up to 16<sup>th</sup> AGM.

The Board has duly examined the Statutory Auditor's Reports on the Standalone and Consolidated Financial Statements of the Company for the financial year ended March 31, 2020 which is self-explanatory. The report does not contain any observations, disclaimer, qualification or adverse remarks.

Further, no fraud has been reported by the Statutory Auditors in terms of Section 143(12) of the Companies Act, 2013 during the year.

### Secretarial Auditors & their Report

The Company had appointed M/s. Chandrasekaran Associates, Company Secretaries, New Delhi, to conduct its Secretarial Audit for the financial year ended March 31, 2020. The Secretarial Auditors have submitted their report, confirming compliance by the Company of all the provisions of applicable corporate laws. The report does not contain any qualification, observation, disclaimer or adverse remark. The Secretarial Audit Report for the financial year 2019-2020 is annexed as Annexure D to this report.

The Board has re-appointed M/s. Chandrasekaran Associates, Company Secretaries, New Delhi, as Secretarial Auditors of the Company for the financial year 2020-2021.

### Internal Auditor and Internal Assurance Partner

The Board had appointed Sudeep Chopra- Corporate Assurance Group as the Internal Auditor of the Company and Ernst & Young LLP are the Internal Assurance Partners to conduct the internal audit of the Company.

The Board, on the recommendation of the Audit & Risk Management Committee has re-appointed Ernst & Young LLP as the Internal Assurance Partners for the financial year 2020-2021.

## Corporate Social Responsibility (CSR)

The CSR vision of Bharti Infratel aims at building an empowered society through education, community development and sustainable environment. At Bharti, CSR is a way of life and is well integrated with our overall business strategy. With active participation from its leaders/employees, the CSR arm of Bharti tries to create positive social change through base-level intervention and volunteering. Being a global leader, Bharti believes that this position brings great responsibility and commitment towards society.

The objective of the Company's CSR initiatives is to fundamentally transform the quality of life of communities through long-term value creation for all stakeholders. Over the years, we have undertaken various CSR initiatives to bring the bottom up community transformation and their overall structural change. Currently, our CSR focus areas include:

- providing education to underprivileged children in rural areas across several geographies;
- providing scholarship and institutional support to students with disabilities to pursue higher education of their choice;
- initiation of sanitation programmes in response to the call to support Swachh Bharat Abhiyan;
- integration of holistic and structural changes in the Company's environmental sustainability programmes, in alignment with government's vision;
- skill development for unemployed youth belonging to marginalized communities.

Our CSR project beneficiaries are part of our larger family of stakeholders. The changes these interventions have brought to their lives have been very encouraging and successful to the core. The initiatives in education, rural development, institutional strengthening, skill development and sanitation form the sizeable share of Bharti's community outreach programmes. Impact of few are mentioned below:

- Hybrid, transferable and job-specific skills equip rural youth to reduce the market entry barriers and bring economic independence.
- A student with disability can break barriers of inaccessibility to scale new heights in education, explore new professions and no longer remain an invisible minority.
- Educated women have a greater chance of escaping poverty, leading healthier, productive and more dignified life. Bharti's educational strengthening initiatives equip students to scale new heights and explore new professions.
- The rural sanitation drive has increased the access to basic hygienic practices as well as contributed to the overall behavioral change.

Our work towards social development through CSR encompasses much more than just social outreach programmes. We also maintain and align our business processes and goals to make it more prosperous, equitable and self-sufficient.

In accordance with the requirements of Section 135 of the Companies Act, 2013, the Company has constituted a CSR Committee. The composition and terms of reference of the CSR Committee is provided in the Report on Corporate Governance, which forms part of this Integrated Report. The Company has also formulated a Corporate Social Responsibility Policy, which is available on the Company's website at [http://www.bharti-infratel.com/cps-portal/web/pdf/Corporate%20Social%20Responsibility%20Policy\\_28092016.pdf](http://www.bharti-infratel.com/cps-portal/web/pdf/Corporate%20Social%20Responsibility%20Policy_28092016.pdf).

As a socially responsible Company, we have been persistently exploring opportunities to increase our CSR expenditure to the prescribed level. With this view, during the year, the Company has spent ₹ 477 Mn (2 % of the average net profit of previous three financial years) on the CSR activities. The Company believes it has made a meaningful progress and is fully committed to the government's vision of responsibility towards the society. The Company is taking all the efforts for India's sustainable development by embedding wider economic, social and environmental objectives.

A detailed update on the CSR initiatives of the Company is provided in the Social & Relationship Capital section, which forms part of this Integrated Report. The Annual Report on Corporate Social Responsibility u/s 135 of the Companies Act, 2013 is annexed as Annexure E to this Report.

## Integrated Reporting

SEBI vide circular dated February 6, 2017 has recommended voluntary adoption of Integrated Reporting (IR) from 2017-18 by the top 500 listed companies in India. In line with its philosophy of being a highly transparent and responsible company and considering IR as a journey, the Company adopts 'Integrated Report' in accordance with the International Integrated Reporting Council (IIRC) framework. The Integrated Report covers capital approach of IIRC Framework as well as the value that the Company creates for its stakeholders.

## Business Responsibility Report

As stipulated under the Listing Regulations, the Business Responsibility Report, describing the initiatives taken by the Company from environmental, social and governance perspective forms a part of this Integrated Report.

## Management Discussion and Analysis Report

The Management Discussion and Analysis Report for the year under review, as stipulated under Regulation 34 of the Listing Regulations, is presented in a separate section, forming part of this Integrated Report.

## Corporate Governance

The Company is committed to benchmark itself with global standards for providing good corporate governance. The Board constantly endeavors to take the business forward in such a way that it maximizes long term value for the stakeholders. The Company has put in place an effective corporate governance system which ensures that the provisions of the Listing Regulations are duly complied with.

A detailed Report on the corporate governance pursuant to the requirements of the Listing Regulations forms part of this Integrated Report.

A certificate from the Statutory Auditors of the Company, M/s Deloitte Haskins & Sells LLP, Chartered Accountants, confirming compliance of conditions of corporate governance as stipulated in the Listing Regulations is annexed as Annexure F to this Report.

## Risk Management

Risk management is embedded in Bharti Infratel'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 Company and prioritize relevant action plans to mitigate these risks. Risk Management framework is reviewed periodically by the Board and the Audit & Risk Management Committee, which includes discussing the management submissions on risks, prioritizing key risks and approving action plans to mitigate such risks.

The Company has duly approved a 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 prioritization of risks affecting the Company in the short and foreseeable future. The Policy suggests framing an appropriate response for the key risks identified, so as to make sure that risks are adequately addressed or mitigated.

The Internal Audit function is responsible to assist the Audit & Risk Management Committee on an independent basis with a complete review of the risk assessment and associated management action plans.

Operationally, risk is being managed at the top level by Executive Committee, chaired by the Managing Director & Chief Executive Officer and at operating level by Executive Committees of Circles headed by Circles Business Head.

Detailed discussion on Risk Management forms part of Management Discussion & Analysis under the section 'Risks and Concerns', which forms part of this Integrated Report. At present, in the opinion of the Board of Directors, there are no risks which may threaten the existence of the Company.

## Internal Financial Control and their adequacy

The Company has established a robust framework for internal financial controls. The Company has in place adequate controls, procedures and policies to ensure orderly and efficient conduct of its business, including adherence to the Company's policies, safeguarding 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 operation were observed. Accordingly, the Board is of the opinion that the Company's internal financial controls were adequate and effective during the financial year 2019-2020. The Internal financial controls of the Company have been further discussed in detail in the Management Discussion & Analysis section.

## Vigil Mechanism

The Code of Conduct and vigil mechanism of the Company is available on the Company's website at [www.bharti-infratel.com](http://www.bharti-infratel.com).

A brief note on the highlights of the Whistleblower Policy and compliance with Code of Conduct is also provided in the Report on Corporate Governance which forms part of this Integrated Report.

## Quality Control

Quality Control continues to be an important driving force behind customer delight through achievement of high uptime and decreasing energy cost across our footprint.

We continue to fine tune our Quality strategies in line with our aim of ensuring First Time Right and site safety. The multi-pronged strategies have been refined in line with changing field scenarios. We continue to undertake pre-dispatch inspection of all major and minor material. The stage inspection of on-site work is undertaken by on-roll quality engineers for 100% of all new build sites and upgrades. Quality Audits by independent agencies on a regular basis ensures additional controls. Preventive maintenance Audits, Process and Design improvement and Control ensures standardization and quality of workmanship. This has augmented operations and maintenance efforts throughout the lifecycle.

We have continued major projects such as Tower maintenance, Foundation strengthening, creation of As-built site drawings and integration of site data on a central platform "One View". Last year, we initiated zero fire exercise whereby field team were enabled with thermal scanners to ensure that there are zero fire incidents. Thermal scanner ensured capturing of hot spots enabling pre-empting out any future fire incident, thereby improving site safety and equipment life. As a unique exercise we initiated product and process trainings to vendor/partners along with quality team on the field, thereby contributing to the organization's cause of delivering products at right time and at low price while maintaining the desired quality standards.

The referred activities have transformed the output and resulted in one of the highest quality KPI achievement during the past year.

Our assistance towards asset re-use post refurbishment and inspection towards improving Asset utilization, Conversion of indoor sites to outdoor for energy costs reduction and electrification of un-electrified sites continued unabated. This has helped us in our continuous strive towards higher utilization and lower costs, lower energy consumption, lower network outages and improved P&L's for both operator and us.

## Other Statutory Disclosures

### Related Party Transactions

A detailed note on procedure adopted by the Company in dealing with contracts and arrangements with Related Parties is provided in the Report on Corporate Governance, which forms part of this Integrated Report.

All arrangements / transactions entered by the Company with its Related Parties during the year were in ordinary course of business and on an arm's length basis. Particulars of material related party transactions are given in form AOC- 2 as [Annexure G](#) to this Report.

Names of Related Parties and details of transactions with them under Ind AS - 24 have been included in Note no. 41 of the standalone financial statements for the year ended March 31, 2020 on page 299.

The Policy on the Related Party Transactions is available on the Company's website at [https://www.bharti-infratel.com/cps-portal/web/corporate\\_gov.html](https://www.bharti-infratel.com/cps-portal/web/corporate_gov.html)

### 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 the Company's operations in future.

### Material changes and commitments affecting financial position between the end of financial year and date of the Report

There are no material changes and commitments affecting the financial position of the Company between the end of financial year and date of the Report.

### Particulars of loans, guarantees or investments

The details of loans given, investments made or guarantees given are provided in Note no. 6, 7, 8 and 14 of the Standalone financial statements for the year ended March 31, 2020.

### Particulars of Employees

Disclosures relating to remuneration of Directors u/s 197(12) of the Companies Act, 2013 read with Rule 5(1) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is annexed as [Annexure H](#) to this Report.

The information as required to be provided in terms of Section 197 (12) of the Companies Act, 2013 read with Rule 5(2) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is annexed as [Annexure I](#) to this Report.

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

The details of energy conservation, technology absorption and foreign exchange earnings and outgo as required under Section 134(3) of the Companies Act, 2013, read with the Rule 8 of Companies (Accounts) Rules, 2014 is annexed herewith as [Annexure J](#) to this Report.

### Disclosure under Section 197(14) of Companies Act, 2013

Neither the Managing Director & CEO nor the Chairman & Whole-time Director of the Company receive any remuneration or commission from its holding or subsidiary company.

### Extract of Annual Return

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

### Maintenance of Cost Records

The Company is not required to maintain cost records as specified under Section 148(1) of the Companies Act, 2013.

## Prevention of Sexual Harassment of Women at Workplace

The Company has an Internal Complaints Committee for providing a redressal mechanism pertaining to sexual harassment of women employees at work place. Details of the same including the details of the complaints received is provided in the Report on Corporate Governance, which forms part of this Integrated Report.

## 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 Ministry of Corporate Affairs.

## Directors' Responsibility Statement

Pursuant to Section 134(5) of the Companies Act, 2013, the Directors to the best of their knowledge and belief confirm that:

- I. In the preparation of the annual accounts for the year ended March 31, 2020, the applicable accounting standards had been followed and there is no material departure from the same;
- II. 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 ended March 31, 2020 and of the profit of the Company for the year ended on that date;
- III. The Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013, for

safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

- IV. The Directors had prepared the annual accounts on a going concern basis;
- V. The Directors had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and are operating effectively;
- VI. The Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and are operating effectively.

## Acknowledgements

The Directors wish to place on record their appreciation for the assistance and co-operation extended by customers, strategic investors, other shareholders, bankers, vendors, business partners, various agencies and departments of Government of India and State governments where Company's operations are existing for their support and look forward to their continued support in the future.

The Directors would also like to place on record their sincere appreciation for the valuable contribution, unstinted efforts and the spirit of dedication shown by the employees of the Company at all levels.

For and on behalf of the Board

**Akhil Gupta**

Chairman

DIN: 00028728

Date: April 23, 2020

Place: New Delhi



# Annexure A

## Dividend Distribution Policy

### 1. Preamble, Objective and Scope

In terms of Regulation 43A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations'), the company is required to formulate a Dividend distribution policy which shall be disclosed in its Annual Report and on its website.

To comply with the above requirement and with an endeavour to maintain a consistent approach to dividend pay-out plans, the Board of Directors ('Board') of Bharti Infratel Limited ('the Company') adopts this Dividend Distribution Policy ('Policy').

The objective of this Policy is to:

- (i) lay down the circumstances under which the shareholders of the Company may or may not expect dividend;
- (ii) list the financial parameters that shall be considered while declaring dividend;
- (iii) specify the parameters (including internal and external factors) that shall be considered while declaring the dividend;
- (iv) provide for the manner of utilization of retained earnings; and
- (v) specify the parameters that shall be adopted with regard to various classes of shares.

### 2. Dividend Philosophy

The Company intends to have a total distribution payout (including any dividend and/or any other form of distribution and related taxes, cess, levies, if any relating to the dividend or distribution) between 60% to 80% of net profit of the Company for the year; or 100% of any dividend or distribution received by the Company from its investee company (ies), whichever is higher, subject to the company retaining adequate liquidity to take care of planned business activities and expansion plans including capital expenditure and other use of such funds including, but not limited to, any debt servicing requirements, acquisitions, and ensuring an acceptable credit rating, as may be determined, by the Board from time to time.

### 3. Parameters/Factors considered by the Company while declaring dividend

In line with the philosophy stated in clause 2 above, the Board of Directors of the Company shall consider the following parameters before declaring or recommending dividend to shareholders:

#### A) Financial Parameters / Internal Factors:

- (a) Financial performance including profits earned (standalone), available distributable reserves etc;
- (b) Impact of dividend payout on Company's return on equity, while simultaneously maintaining prudent and reasonably conservative leveraging in every respect viz. interest coverage, DSCR (Debt Service Coverage Ratio) Net Debt: EBITDA and Net debt: Equity, including maintaining a targeted rating – domestically and internationally;
- (c) Alternate usage of cash viz. acquisition/Investment opportunities or capital expenditures and resources to fund such opportunities/expenditures, in order to create significantly higher returns for shareholders;
- (d) Debt repayment schedules;
- (e) Fund requirement for contingencies and unforeseen events with financial implications;
- (f) Past Dividend trend including Interim dividend paid, if any; and
- (g) Any other factor as deemed fit by the Board.

#### B) External Factors:

- (a) **Macroeconomic conditions:** In the event of uncertain or recessionary economic and business conditions, the Board may consider retaining a larger part of the profits to have sufficient reserves to absorb unforeseen circumstances;
- (b) **Statutory requirements:** Statutory requirements, regulatory conditions or restrictions as applicable including tax laws, the Companies Act, 2013 and SEBI regulations etc;

(c) **Agreements with Lending Institutions:** The Board may consider protective covenants in a bond indenture or loan agreement that may include leverage limits and restrictions on the payment of cash dividends in order to preserve the Company's ability to service its debt; and

(d) **Capital Markets:** In favorable market scenarios', the Board may consider for liberal pay-out. However, it may resort to a conservative dividend pay-out in case of unfavorable market conditions.

#### 4. Circumstances under which the shareholders of the Company may or may not expect dividend

There may be certain circumstances under which the shareholders of the Company may not expect dividend, including the circumstances where:

- (a) The Company proposes to utilize surplus cash in entirety for alternative forms of distribution such as buy-back of securities;
- (b) The Company has sufficient avenues to generate significantly higher returns on such 'surplus' than what a common shareholder can generate himself;
- (c) The Company is in higher need of funds for acquisition / diversification / expansion / investment opportunities / deleveraging or capital expenditures; or

(d) The Company has incurred losses or in the stage of inadequacy of profits.

#### 5. Utilization of retained earnings

The profits retained by the Company (i.e. retained earnings) shall either be used for business purposes/ objects mentioned in its Memorandum & Articles of Association or shall be distributed to the shareholders.

#### 6. Parameters with regard to various classes

Presently, the issued and paid-up share capital of the Company comprises of equity shares only. In case, the Company issues other kind of shares, the Board may suitably amend this Policy.

#### 7. General

This Policy will be reviewed at least once every 3 years. The Chief Investor Relations Officer and the Company Secretary are jointly authorized to amend the Policy to give effect to any changes/amendments notified by Ministry of Corporate Affairs, Securities and Exchange Board of India or any appropriate authority from time to time. Such amended policy shall be periodically placed before the Board for noting and ratification. Any questions and clarifications relating to this Policy should be addressed to the Company Secretary at [compliance.officer@bharti-infratel.in](mailto:compliance.officer@bharti-infratel.in).

# Annexure B

## Policy on Nomination, Remuneration and Board Diversity

### Preamble

The Board of Directors (the “Board”) on the recommendation of the HR, Nomination and Remuneration Committee (the “Committee”) has approved and adopted this Nomination, Remuneration and Board Diversity Policy (the “Policy”) in compliance with the provisions of Section 178 of the Companies Act, 2013 and rules made thereunder, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”).

### 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 lay down criteria for determining the Company’s approach to ensure adequate diversity in its Board.
- 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 and other senior management personnel’s keeping in view all relevant factors including industry trends and practices.
- 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 Infratel Limited, subject to a minimum of 6 and maximum of 15, including woman Directors. The Board shall have an appropriate combination of executive and non-executive directors with at least one independent woman director. The Company shall appoint a Chairman, and a Managing Director or CEO. The role of the Chairman, and Managing Director or Chief Executive Officer shall not be exercised by the same individual.

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 background, knowledge, skills, abilities (ability to exercise sound judgement), professional experience & functional expertise, educational and professional background, personal accomplishment, age, experience, 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 and the listing Regulations.
- Has attained minimum age of 25 years and is not older than 75 years.
- Does not hold Directorship in more than 20 companies (including private and public limited companies) or 10 public limited companies incorporated in India. Also, he shall not hold directorship in more than 7 listed companies.

For the purpose of the above, the count for the number of listed entities on which a person is a director shall be only those whose equity shares are listed on a stock exchange.

- 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, the Listing Regulations and other applicable laws.
- Should not hold the position of Independent Director in more than seven listed companies and if serving as Whole-Time Director/ Managing Director in any listed company then in not more than three listed companies.

For the purpose of the above, the count for the number of listed entities on which a person is an independent director shall be only those whose equity shares are listed on a stock exchange.

- 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 re-appointment / extension of term of any board members shall be on the basis of their performance evaluation report.

### Senior Management

While evaluating a person for appointment / re-appointment in a senior management position, the management shall consider 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.

Senior Management means officers/ 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 chief executive officer/ managing director/ whole time director/ manager (including chief executive officer/ manager, in case they are not part of the board) and shall specifically include company secretary and chief financial officer.

## B. Remuneration Policy

### Board Members

The overall limits of remuneration of the Board Members including Executive Board members (i.e. Managing Director, Whole-Time Director, Executive Directors etc.) are 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

Pursuant to the provisions of Section 197 of the Companies Act, 2013, rules made thereunder and the shareholders' approval, the Board has approved the following remuneration:

- (i) Non-Executive Directors: Profit linked commission of ₹ 750,000/- per annum.
- (ii) Independent Directors: Profit linked commission of ₹ 1,500,000/- per annum.
- (iii) Chairman of Audit and Risk Management Committee - Additional profit linked commission of ₹ 500,000/- per annum.
  - The commission is payable annually after approval of the financial results for the year.
  - The payment of commission is prorated to the number of meetings attended by the Directors in which quarterly results are considered and approved.

### Executive Board Members (Managing Director, Whole-Time Director, Executive Directors etc.)

The remuneration (including revision in the remuneration) of Executive Board members shall be approved by the Board on the basis of the recommendation of the Committee.

The remuneration payable to Executive Directors 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 Committee from time to time.

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

All the remuneration payable to Key Managerial Personnel (other than Managing Director and Whole Time Director) and Senior Management, in whatever form, shall be recommended to the Board by the HR, Nomination and Remuneration Committee and thereafter approved by the Board and any revision thereof shall be done as per the compensation and appraisal policy of the Company.

The remuneration payable to key managerial personnel (other than Managing Director and Whole- Time Director), senior management and other employees 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 Group Director – HR and Company Secretary are jointly authorised to amend the Policy to give effect to any changes / amendments notified by Ministry of Corporate Affairs or Securities and Exchange Board of India w.r.t. Directors' any matter covered by this policy. The amended policy shall be placed before the Board for noting and ratification. Any questions and clarifications relating to this Policy should be addressed to the Company Secretary at [compliance.officer@bharti-infratel.in](mailto:compliance.officer@bharti-infratel.in).



# Annexure C

## Form AOC-I

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

### Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures

#### Part "A": Subsidiaries

1. Sl. No.	1 (One)
2. Name of the subsidiary	Smartx Services Limited
3. The date since when subsidiary was acquired	September 21, 2015
4. Reporting period for the subsidiary concerned, if different from the holding company's reporting period	April 1, 2019 to March 31, 2020
5. Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries.	NA
6. Share capital	₹ 120 Mn
7. Reserve & Surplus	₹ (95) Mn
8. Total assets	₹ 442 Mn
9. Total Liabilities	₹ 417 Mn
10. Investments	Nil
11. Turnover	₹ 62 Mn
12. Profit/(loss) before taxation	₹ (52) Mn
13. Provision for taxation	₹ 7 Mn
14. Profit/(loss) after taxation	₹ (59) Mn
15. Proposed Dividend	Nil
16. % of shareholding	100%

- Names of subsidiaries which are yet to commence operations: Nil
- Names of subsidiaries which have been liquidated or sold during the year: Nil

**Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures**

**Part “B”: Associates and Joint Ventures**

Name of Associates/Joint Ventures	Indus Towers Limited
1. Latest audited Balance Sheet Date	March 31, 2020
2. Date on which the Associate or Joint Venture was associated or acquired	December 17, 2007
3. Shares of Associate/Joint Ventures held by the company on March 31, 2020	
(i) No.	500,504 equity shares
(ii) Amount of Investment in Associates/Joint Venture at Cost	₹ 60,419 Mn
(iii) Extend of Holding %	42%
4. Description of how there is significant influence	Bharti Infratel Limited holds 42% equity stake in Indus Towers Limited
5. Reason why the associate/joint venture is not consolidated	Not Applicable
6. Net worth attributable to Shareholding as per latest audited Balance Sheet	₹ 57,318 Mn (42% share of total Net worth)
7. Profit / (Loss) for the year	
(i) Considered in Consolidation	₹ 13,805 Mn (42% share)
(ii) Not Considered in Consolidation	Nil

- Names of associates or joint ventures which are yet to commence operations: NIL
- Names of associates or joint ventures which have been liquidated or sold during the year: NIL

**For and on behalf of the board**

**Akhil Gupta**

Chairman  
(DIN: 00028728)

**D S Rawat**

Managing Director & CEO  
(DIN: 06798626)

Date: April 23, 2020

Place: New Delhi

**Samridhi Rodhe**

Company Secretary

# Annexure D

## Secretarial Audit Report

For the Financial year ended March 31, 2020

The Members

### **Bharti Infratel Limited**

901, Park Centra, Sector-30,  
NH-8, Gurugram HR 122001

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate governance practices by Bharti Infratel 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, 2020 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, 2020 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 SEBI (Depositories and Participants) Regulations, 2018;
- (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;
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
  - (d) The Securities and Exchange Board of India (Share Based employee Benefits) Regulations, 2014;
  - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; Not Applicable
  - (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, and
  - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018; Not Applicable.
- (vi) As confirmed and certified by the management, there is no Sectoral law specifically applicable to the Company based on the Sectors / Businesses.

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

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India and notified by Ministry of Corporate Affairs;
- (ii) Securities Exchange Board of India (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.

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 at least seven days in advance except in cases where meetings were convened at a shorter notice. The Company has complied with the provisions of Act for convening meeting at the shorter notice. A system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

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

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

We further report that during the audit period following major events have happened in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc.:

The Company has received the FDI approval from Department of Telecommunications for the merger of Indus Towers Limited (Transferor Company) with Bharti Infratel Limited (Transferee Company) on February 21, 2020. Further, the Company is yet to file the certified true copy of order passed by Hon'ble National Company Law Tribunal, Chandigarh bench ("Hon'ble NCLT") dated May 31, 2019 with Registrar of Companies, NCT of Delhi and Haryana approving the Scheme of Amalgamation of Indus Towers Limited (Transferor Company) with Bharti Infratel Limited (Transferee Company).

For **Chandrasekaran Associates**  
Company Secretaries

**Dr. S. Chandrasekaran**

Senior Partner  
Membership No. 1644  
Certificate of Practice No. 715  
UDIN: F001644B000168811

Date: April 21, 2020  
Place: New Delhi

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

## Annexure-A to the Secretarial Audit Report

The Members

### **Bharti Infratel Limited**

901, Park Centra,  
Sector-30, NH-8,  
Gurugram HR 122001

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

1. Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on the random test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Where ever 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 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

### **Dr. S. Chandrasekaran**

Senior Partner  
Membership No. 1644  
Certificate of Practice No. 715  
UDIN: F001644B000168811

Date: April 21, 2020

Place: New Delhi



# Annexure E

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

<p>1. A brief outline of the Company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs.</p>	<p>Bharti Infratel's CSR vision is "To build an empowered society through education, community development and environment sustainability".</p> <p>The CSR Policy of the company focuses on promoting:</p> <ul style="list-style-type: none"> <li>■ Education amongst underprivileged section of the society and skill development initiatives</li> <li>■ Rural development</li> <li>■ Setting up of safe water and sanitation facilities</li> <li>■ Environmental sustainability including contribution to approved technology incubators</li> <li>■ Contribution to relief activities and the government approved relief funds</li> </ul> <p><b>Web-links</b></p> <p><b>a. CSR Policy</b></p> <p><a href="http://www.bharti-infratel.com/cps-portal/web/corporate_gov.html#4">http://www.bharti-infratel.com/cps-portal/web/corporate_gov.html#4</a></p> <p><b>b. Programmes and Partners</b></p> <p><b>I. Satya Bharti School Program - Bharti Foundation</b> <a href="https://bhartifoundation.org/satya-bharti-school-program/">https://bhartifoundation.org/satya-bharti-school-program/</a></p> <p><b>II. Satya Bharti Quality Support Program - Bharti Foundation</b> <a href="https://bhartifoundation.org/satya-bharti-quality-support-program/">https://bhartifoundation.org/satya-bharti-quality-support-program/</a></p> <p><b>III. Satya Bharti Abhiyan - Bharti Foundation</b> <a href="http://www.bhartifoundation.org/page/satya-bharti-abhiyan">http://www.bhartifoundation.org/page/satya-bharti-abhiyan</a></p> <p><b>IV. Bharti Infratel Scholarship Program - Shishu Sarothi</b> <a href="http://www.shishusarothi.org/we_do_units_bisp.html">http://www.shishusarothi.org/we_do_units_bisp.html</a></p> <p><b>V. Telecom Gurukul - PanIIT Alumni Reach For India Foundation - PARFI</b> <a href="https://www.parfi.org/index.html">https://www.parfi.org/index.html</a></p>
<p>2. Composition of CSR Committee</p>	<p>Mr. N Kumar (Independent Director)- Chairman Mr. D S Rawat (Managing Director &amp; CEO) Dr. Leena Srivastava (Independent Director) Mr. Rajan Bharti Mittal (Non-Executive Director)</p>
<p>3. Average net profit of the Company for last three financial years</p>	<p>₹ 23,832 Mn</p>
<p>4. Prescribed CSR Expenditure (2% of the amount as above)</p>	<p>₹ 477 Mn</p>
<p>5. Details of CSR spent during the financial year:</p> <p>(a) Total amount to be spent for the financial year</p> <p>(b) Amount unspent</p>	<p>₹ 477 Mn</p> <p>NIL</p>
<p>(a) Manner in which the amount spent during the financial year is detailed below.</p>	

(₹ Million)

(1) S. No.	(2) CSR project or activity identified	(3) Sector in which the project is covered	(4) Projects or programs (1) Local area or other (2) Specify the state and district where projects or programs were undertaken	(5) Amount outlay (budget) project or program wise	(6) Amount spent on the projects or programs subheads <sup>5</sup> : (1) Direct expenditure on projects or programs (2) Overheads:	(7) Cumulative expenditure up to the reporting period (Since April 1, 2014)	(8) Amount spent: Direct or implementing agency
<b>CSR Spend under Section 135 of the Companies Act, 2013</b>							
i.	Satya Bharti School Program (OPEX)	Education	Specified Below*	242.67	242.67	752.67	Implementing Agency- <b>Bharti Foundation</b> 1 <sup>st</sup> Floor, C-Wing, Airtel Center, Plot No. 16, Udyog Vihar Phase IV, Gurgaon – 122015 Tel.: 0124-4823500
ii.	Satya Bharti Quality Support Program (OPEX)	Education	Specified Below*	100.00	100.00	240.00	
iii.	Satya Bharti Abhiyan	Sanitation	Amritsar	65.00	65.00	315.00	
iv.	Bharti Infratel Scholarship Program#	Education	Assam, Meghalaya, Mizoram, Nagaland, Tripura, Sikkim, Manipur and Arunachal Pradesh	6.50	1.20	8.67	Implementing Agency- <b>Shishu Sarothi</b> Centre for Rehabilitation & Training for Multiple Disability, Off Ramakrishna Mission Road, Birubari, Guwahati – 781016, Assam Tel.: 0361-2470990 / 2478912
v.	FLOW – Facilitating Learning on Water, Sanitation and Hygiene (WASH)^	Sanitation	Specified Below*	3.60	3.20	23.80	Implementing Agency- <b>The Energy and Resources Institute (TERI)</b> Darbari Seth Block, IHC Complex, Lodhi Road, New Delhi – 110003 Phone: +91-11-46444500, 24339606
vi.	Tower Technician Gurukul^	Skill Development / Livelihood Creation	Jharkhand – District Deogarh	2.80	2.50	6.75	Implementing Agency- <b>PanIIT Alumni Reach For India Foundation - PARFI</b> 2 <sup>nd</sup> floor, CSC Building, IIT B, Powai, Mumbai - 400076, Maharashtra Tel.: +91-9666407383
vii.	Clean Drinking Water Project^	Sanitation	Rajasthan	61.60	61.60	100.00	Direct
<b>Total</b>				<b>482.17</b>	<b>476.17</b>	<b>1446.89</b>	

(₹ Million)

(1) S. No.	(2) CSR project or activity identified	(3) Sector in which the project is covered	(4) Projects or programs (1) Local area or other (2) Specify the state and district where projects or programs were undertaken	(5) Amount outlay (budget) project or program wise	(6) Amount spent on the projects or programs subheads <sup>s</sup> : (1) Direct expenditure on projects or programs (2) Overheads:	(7) Cumulative expenditure up to the reporting period (Since April 1, 2014)	(8) Amount spent: Direct or implementing agency
<b>Administrative overheads/ expenses:</b>							
viii.	Third Party Audit (3 Projects) **	CSR Project M&E	Specified Below*	0.33	0.33	1.22	Implementing Agency- <b>Innovative Financial Advisors Private Limited (Finnovation)</b> 24/30, Ground Floor, Okhla Industrial Estate, Phase III New Delhi – 110020 Tel.: 011-42332200
ix.	Third Party Monitoring <sup>ss</sup>	CSR Project M&E	Jharkhand - District Deogarh/ Assam - District Kamrup Metropolitan (Guwahati)	1.03	0.50	0.50	Implementing Agency- PricewaterhouseCoopers Pvt Ltd Building No.8, Tower C, DLF Cyber City, DLF Phase 2, Sector 24, Gurugram, Haryana 122002 Tel: 0124-6266600
<b>Total</b>				<b>1.36</b>	<b>0.83</b>	<b>1.72</b>	
<b>Grand Total</b>				<b>483.53<sup>®</sup></b>	<b>477.00</b>	<b>1448.61</b>	
<b>Other Contributions:</b>							
x.	Miscellaneous <sup>^</sup>	Miscellaneous	Miscellaneous	1.75	1.75	5.68	
<b>Total</b>				<b>1.75</b>	<b>1.75</b>	<b>5.68</b>	
<b>Grand Total</b>				<b>485.28</b>	<b>478.75</b>	<b>1454.29</b>	

(₹ Million)

(1) S. No.	(2) CSR project or activity identified	(3) Sector in which the project is covered	(4) Projects or programs (1) Local area or other (2) Specify the state and district where projects or programs were undertaken	(5) Amount outlay (budget) project or program wise	(6) Amount spent on the projects or programs subheads <sup>6</sup> : (1) Direct expenditure on projects or programs (2) Overheads:	(7) Cumulative expenditure up to the reporting period (Since April 1, 2014)	(8) Amount spent: Direct or implementing agency
6.	In case the Company has failed to spend the two per cent of the average net profit of the last three financial years or any part thereof, the company shall provide the reasons for not spending the amount in its Board report.			NA			
7.	A responsibility statement of the CSR Committee that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the Company.			CSR Committee certifies that all the CSR projects implemented/funded by the Company in financial year 2019-2020 adhere to the objectives set in its CSR policy. The selection, implementation and monitoring of the CSR projects was also done in line with the CSR Policy.			

\* District wise/ State wise details of :

- Satya Bharti School Program – Kaithal, Kurukshetra, Rewari Mahendragarh, Jhajjar in Haryana, Jodhpur, in Rajasthan; Mushirdabad in West Bengal, Sivaganga in Tamil Nadu, Shahjahanpur, Farrukhabad in Uttar Pradesh, Amritsar, Ludhiana, Sangrur in Punjab.
- Satya Bharti quality support programme- Assam, Meghalaya, Karnataka, Himachal Pradesh, Andhra Pradesh, Jharkhand, Uttar Pradesh, Delhi (UT), Ladakh (UT) Goa, Jammu and Kashmir, Telangana, Punjab, Haryana and Rajasthan
- Satya Bharti Abhiyan - Ludhiana (Rural and Urban) and Amritsar (rural) in Punjab.
- FLOW - Facilitating Learning on WASH - Odisha - District Khorda (Bhubaneswar)/ Jharkhand - District Ranchi/ Madhya Pradesh – District Indore/ Haryana - District Panipat/ Jammu & Kashmir - District Jammu/ Assam - Kamrup Metropolitan (Guwahati)
- Third Party Audit - Odisha - District Khorda (Bhubaneswar)/ Jharkhand - District Ranchi/ Madhya Pradesh - District Indore/ Haryana - District Panipat / Jammu & Kashmir- District Jammu/ Assam - District Kamrup Metropolitan (Guwahati)

<sup>6</sup> Bharti Infratel Scholarship Program is a multi-year project with two phases with time span of 5 years each.

<sup>7</sup> Contribution in all the programs are direct expenditure.

<sup>8</sup> Third Party Audit is undertaken for 3 projects i.e. Bharti Infratel Scholarship Program, Facilitating Learning on WASH (FLOW) and Tower Technician Gurukul.

<sup>9</sup> Undertaken for 2 projects, i.e., Bharti Infratel Scholarship Program and Tower Technician Gurukul.

<sup>10</sup> Project FLOW - Facilitating Learning on Water, Sanitation and Hygiene (WASH) undertaken by TERI; Project Tower Technician Gurukul undertaken by PARFI and Clean drinking water project were completed during the financial year 2019-2020.

<sup>11</sup> In order to create larger social impact and to be fully compliant with Section 135 of the Companies Act, 2013, the CSR Committee additionally allocated towards Satya Bharti School program any residual unspent amount subject to maximum of ₹ 1.25 crore. As a result, the total amount of outlay projectwise or programwise (as shown in the table above) is more than the actual total CSR allocation made by the Company.

<sup>12</sup> Miscellaneous includes contribution to Bharti Foundation, United way of Mumbai, Madhuram Narayanan Centre for Exceptional Children, Ibaadat Foundation and Rekhta Foundation.

For Bharti Infratel Limited

**N. Kumar**

Chairman of CSR Committee  
(DIN: 00007848)

Dated: April 23, 2020

Place: New Delhi

**D S Rawat**

Managing Director & CEO  
(DIN: 06798626)

# Annexure F

To

The Members of Bharti Infratel Limited

**Bharti Infratel Limited**

901, Park Centra, Sector 30

NH-8, Gurugram, Haryana-122001

## Independent Auditor's Certificate on Corporate Governance

1. This certificate is issued in accordance with the terms of our engagement letter dated October 15, 2019.
2. We, Deloitte Haskins & Sells LLP, Chartered Accountants, the Statutory Auditors of Bharti Infratel Limited ("the Company"), have examined the compliance of conditions of Corporate Governance by the Company, for the year ended on 31 March 2020, as stipulated in regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C and D of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the Listing Regulations).

### Managements' Responsibility

3. The compliance of conditions of Corporate Governance is the responsibility of the Management. This responsibility includes the design, implementation and maintenance of internal control and procedures to ensure the compliance with the conditions of the Corporate Governance stipulated in Listing Regulations.

### Auditor's Responsibility

4. Our responsibility is limited to examining the procedures and implementation thereof, adopted by the Company for ensuring compliance with the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
5. We have examined the books of account and other relevant records and documents maintained by the Company for the purposes of providing reasonable assurance on the compliance with Corporate Governance requirements by the Company.
6. We have carried out an examination of the relevant records of the Company in accordance with the Guidance Note on Certification of Corporate Governance issued by the Institute of the Chartered Accountants of India (the ICAI), the Standards on Auditing specified under Section 143(10) of the

Companies Act 2013, in so far as applicable for the purpose of this certificate and as per the Guidance Note on Reports or Certificates for Special Purposes issued by the ICAI which requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.

7. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

### Opinion

8. Based on our examination of the relevant records and according to the information and explanations provided to us and the representations provided by the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C and D of Schedule V of the Listing Regulations (as amended) during the year ended March 31, 2020.
9. We state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

For **Deloitte Haskins and Sells LLP**

Chartered Accountants

(Firm's registration No. 117366W/W-100018)

**Vijay Agarwal**

Partner

Place: New Delhi

Date: April 23, 2020

Membership No: 094468

UDIN: 20094468AAAACA2508



# Annexure G

## Form No. AOC-2

(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, 2020, which were not at arm's length basis.

### 2. Details of material contracts or arrangement or transactions at arm's length basis

(a) Name(s) of the related party and nature of relationship	Bharti Airtel Limited (Holding Company)
(b) Nature of contracts/arrangements/ Transactions	<ul style="list-style-type: none"> <li>■ To provide passive infrastructure services</li> <li>■ To avail various telecom services such as landline, mobile, leased line broadband facility, SIM charges, USB Dongles etc.</li> <li>■ Rental/Reimbursement of charges towards usage of offices/properties and availing related services.</li> </ul>
(c) Duration of the contracts/ arrangements	<p>All the contracts/arrangements/transactions are ongoing basis except as under:-</p> <ul style="list-style-type: none"> <li>■ 10/15 years for providing of passive infrastructure services to Bharti Airtel Limited for each co-location by Bharti Infratel Limited pursuant to Master Service Agreement executed between Bharti Airtel Limited &amp; Bharti Infratel Limited.</li> <li>■ By virtue of Amendment 3 to MSA executed with Bharti Airtel Limited, all tenancies with tenure expiring on or before March 31, 2022 got unconditionally extended upto March 31, 2022</li> <li>■ Agreement for USOF sites for Project maintenance charges and Operation &amp; maintenance charges</li> <li>■ Exit Settlement Agreement for Telenor and Tata exited sites</li> <li>■ Energy Revenue Term sheet for Fixed Energy charges for FY 2019-20</li> </ul>
(d) Salient terms of the contracts or arrangements or transactions including the value, if any	<ul style="list-style-type: none"> <li>■ To provide passive infrastructure services</li> </ul> <p>Bharti Infratel Limited has entered into Master Service Agreements (MSA) with Bharti Airtel Limited in December 2007 and subsequently four amendments have been executed till date. The MSA and its amendments executed between the parties sets out the terms and conditions relevant to sharing of passive infrastructure at sites and provision for related operation and maintenance services; and corresponding obligations of both the parties on a non-exclusive basis. Further, the MSA includes the SLA applicable to both the parties w.r.t. their respective obligations under the MSA.</p>

The MSA also captures the tower sharing process, site selection, acquisition and deployment timelines, the service levels and uptimes to be maintained, site electrification requirements, the governance process and applicable charges including standard charges, annual increment, various site level premiums, additional charges determined basis the installed active equipment of the sharing operator etc. Further, the parties have arrived at arrangement under which the energy consumed is charged at fixed rates. The parties have also entered into joint energy initiative arrangements and have implemented multiple energy efficient and environment friendly solutions.

Both the parties vide MSA Amendment 3 effective April 1, 2016, have changed some of the existing clauses of the MSA in respect of increment freeze on existing tenancies, change in standard thresholds for additional charges and changes in the permitted exit for tenancy and active equipment in order to bring parity with new business.

Both the parties vide MSA Amendment 4 effective February 28, 2020, have changed the clauses in respect of Security Deposit and Credit period under the MSA.

During the year, the Company has offered various new products to Airtel under the MSA keeping in mind its requirement for various solutions for their network.

Further, Under USOF agreement, Infratel is entitled to one-time project management charges for USOF sites RFled under the contract. Additionally, Infratel will also get monthly Operation & maintenance charges against the RFled USOF sites. The Company has also entered into a agreement for sharing Dark Fibre for a period of 15 years in Bhopal Smart City.

Overall monetary value of the transaction depends upon the number of sites provided, site location, number of co-location etc. and vary from time to time. The net value of such transaction for FY 2019-20 amounts to ₹ 34,987 Mn (Excluding GST).

Further, Exit settlement term sheet executed with Airtel towards 4,339 sites partly in Cash spread over 36 months and partly by way of extension of tenure on existing sites. Total revenue recognized during the FY 2019-20 due to such exit charges (including interest) amounting to ₹ 844 Mn (Excluding GST).

- To avail various telecom services such as landline, mobile, leased line broadband facility, SIM charges, USB Dongles etc.

Bharti Airtel Limited is engaged in the business of providing various telecommunication services. The Company avails many of these telecom services such as landline, mobile, leased line broadband facility, SIM charges, USB Dongles etc. from Bharti Airtel on arm's length basis.

Overall monetary value of the transaction depends upon the number / volume of services availed and the applicable rates of such services at the relevant time. The net value of such transaction for FY 2019-20 amounts to ₹ 153 Mn.

- Rental/Reimbursement of charges towards usage of offices/properties and availing related services.

Bharti Infratel has been occupying space in some offices and properties of Bharti Airtel and availing related facilities at such locations. Bharti Infratel reimburses charges for such usage and related services.

Overall monetary value of the transaction depends upon the number / volume of services availed and the charges applicable at the relevant time. The value of such transaction incurred during FY 2019-20 amounts to ₹ 14 Mn.

(e) Date(s) of approval by the Board, if any	April 27, 2015*
(f) Amount paid as advances, if any	Nil

**Note:** The term "material" means a transaction to be entered individually or taken together with previous transactions in a financial year, which exceeds 10% of the annual consolidated turnover of the Company as per the last audited financial statements of the Company, as defined in the Related Party Transaction Policy of the Company.

\*Initial approval of Board dated April 27, 2015; subsequently approved by the Shareholders in the AGM held on August 11, 2015 and July 24, 2018. MSAs have been subsequently amended from time to time. The related party transactions are placed before the Audit & Risk Management Committee and Board on quarterly basis for their review.

For **Bharti Infratel Limited**

**Akhil Gupta**

Chairman  
(DIN: 00028728)

**D S Rawat**

Managing Director & CEO  
(DIN: 06798626)

Place: New Delhi  
Date: April 23, 2020

# Annexure H

## Details Pertaining to Remuneration as Required Under Section 197(12) of the Companies Act, 2013 read with rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and subsequent amendments thereto

(i)	The ratio of the remuneration of each director to the median remuneration of the employees of the Company for the financial year 2019-20	The median remuneration of employees is ₹ 711,100 per annum. Please refer Table A for the ratios.
(ii)	The percentage increase in remuneration of each director, CFO, CEO, CS or Manager in the financial year 2019-20	Please refer Table A
(iii)	The percentage increase in the median remuneration of employees in the financial year 2019-2020	3.51%
(iv)	The number of permanent employees on the rolls of the Company as on March 31, 2020 (on standalone basis)	1,248
(v)	Average percentile increase already made in the salaries of employees other than the managerial personnel in financial year 2019-20 and its comparison with the percentile increase in the managerial remuneration and justification thereof	Average percentage increase in the remuneration of employees excluding KMPs is 10.08%, which is in line with the average increase in the remuneration of KMPs that is 10.77%
(vi)	Affirmation that the remuneration is as per the remuneration policy of the Company	Yes, remuneration paid is as per the remuneration policy of the Company.

**Table A**

S. No.	Name of Director/ KMP and Designation	Remuneration of Director/ KMP for FY 2019-20 (In ₹)	% increase in remuneration in FY 2019-20 <sup>ss</sup>	Ratio of remuneration of each director to median remuneration of employees <sup>a, b</sup>
<b>Executive Directors</b>				
1	Mr. Akhil Gupta (Chairman)	88,874,784	Nil	124.98
2	Mr. D S Rawat (Managing Director & CEO)	37,729,161 <sup>#</sup>	8	53.06
<b>Non-Executive Directors</b>				
3	Mr. Rajan Bharti Mittal	750,000 <sup>^</sup>	NA	1.05
4	Mr. Tao Yih Arthur Lang <sup>c</sup>	750,000 <sup>^</sup>	NA	1.05
5	Mr. Prakul Kaushiva <sup>d</sup>	375,000 <sup>^</sup>	NA	1.05
<b>Independent Directors</b>				
6	Ms. Anita Kapur	1,500,000 <sup>^</sup>	NA	2.11
7	Mr. Bharat Sumant Raut	2,000,000 <sup>^</sup>	NA	2.81

S. No.	Name of Director/ KMP and Designation	Remuneration of Director/ KMP for FY 2019-20 (In ₹)	% increase in remuneration in FY 2019-20 <sup>ss</sup>	Ratio of remuneration of each director to median remuneration of employees <sup>a, b</sup>
8	Mr. Jitender Balakrishnan	1,500,000 <sup>^</sup>	NA	2.11
9	Dr. Leena Srivastava	750,000 <sup>^</sup>	NA	2.11
10	Mr. N Kumar	1,500,000 <sup>^</sup>	NA	2.11
11	Mr. Rajinder Pal Singh	1,500,000 <sup>^</sup>	NA	2.11
<b>Key Managerial Personnel other than Executive Directors</b>				
12	Mr. S Balasubramanian (Chief Financial Officer)*	19,047,908	5.1	NA
13	Ms. Samridhi Rodhe (Company Secretary)	2,106,658 <sup>**</sup>	30	NA

<sup>a</sup> Based on Annualized Remuneration

<sup>b</sup> Remuneration of Employees, Executive Directors and KMPs does not include perquisite value of stock options exercised during the financial year 2019-2020.

<sup>c</sup> Ms. Tan Yong Choo attended the Board meetings held on October 21, 2019, December 10, 2019 and January 30, 2020 as an Alternate Director to Mr. Tao Yih Arthur Lang.

<sup>d</sup> Mr. Prakul Kaushiva ceased to be Non-Executive Director of the Company w.e.f. December 30, 2019.

<sup>ss</sup> The value of Performance Linked Incentive (PLI) in remuneration of KMPs (including Executive Directors) represents incentives which will accrue at 100% performance level. For effective comparison, the PLI component for their remuneration for previous year has also been considered at 100% performance level.

<sup>^</sup> In terms of remuneration policy, Independent Directors are entitled for profit based commission of ₹ 1,500,000 per annum and Non-Executive Directors ₹ 750,000 per annum. Chairman of Audit & Risk Management Committee is entitled for an additional commission of ₹ 500,000 per annum. The payment of commission is based on attending the Board meeting in which quarterly results are adopted. There is no change in the commission paid to Independent Directors and Non-Executive Directors during the year. Company has not paid any sitting fees for financial year 2019-20.

<sup>#</sup> The remuneration of Mr. D S Rawat does not include perquisite value on exercise of ESOPs amounting to ₹ 4,822,037 as mentioned in Form MGT-9 annexed with Board's Report.

<sup>\*</sup> Mr. S Balasubramanian ceased to be the Chief Financial Officer w.e.f. December 5, 2019. His remuneration does not include perquisite value on exercise of ESOPs amounting to ₹ 1,351,456 as mentioned in Form MGT-9 annexed with Board's Report and his remuneration includes the full and final settlement.

<sup>\*\*</sup> The remuneration paid to Ms. Samridhi Rodhe does not include a sum of ₹ 250,000 paid during the year as deferred bonus.



# Annexure I

**Details pertaining to Remuneration as required under Section 197(12) of the Companies Act, 2013 read with rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and subsequent amendments thereto**

Sl. No.	Name	Designation	Nature of Employment, whether contractual or otherwise	Nature of Employment, duties of the employee	Qualification(s)	Age (in years)	Date of Commencement of Employment (Infratel)	Total experience (in years)	Gross Remuneration (in ₹)	Previous Employment / Designation
<b>(A) Name of top 10 employees in terms of remuneration drawn</b>										
1	Mr. Akhil Gupta	Chairman	Contractual	General Management	CA	62	1-Aug-08	35	88,874,784	Bharti Airtel Limited / Jt. Managing Director
2	Mr. Devender Singh Rawat	Managing Director & CEO	Contractual	CEO's Office	B.E	52	28-Jul-10	31	42,551,198	Huawei Telecommunications (I) Co. P Ltd / Executive Director
3	Mr. Dipak Roy	Chief Human Resource Officer	Permanent	HR	MPM	53	1-Jun-13	29	20,648,709	Bharti Airtel Ltd / Head HR-Consumer Business Operations
4	Mr. Sachin Ramesh Naik	Sr VP. O&M	Permanent	O&M	BE, PGCEM	55	16-Aug-16	33	15,008,400	Ericsson / Vice President – Head of Special Projects
5	Mr. Biswajit Patnaik	Chief Sales & Marketing Officer	Permanent	Sales & Marketing	PGDSM	47	20-Oct-08	27	14,819,335	TVS Interconnect Systems Ltd / General Manager - Sales& Marketing
6	Mr. Rajiv Arora	Chief - Legal-Regulatory & Corp Affrs	Permanent	Legal-Regulatory & Corp Affrs	LLB /PGDHRM /DLL	48	1-Oct-07	24	10,534,943	Bharti Airtel Ltd / General Manager
7	Mr. Bhaskar Rai	VP Operations	Permanent	Operations	BE (EE), PGDM	50	7-Jul-08	28	10,746,937	Manpower Professional / Regional Head - Telecom
8	Mr. Harvinder Pal Singh	VP Operations	Permanent	Operations	BE	48	13-Jun-14	26	10,242,078	Aircel / GM
9	Mr. Prashant Jagdish Keole	Sr VP:Deployment	Permanent	Deployment	B.Tech	51	1-Oct-07	28	9,903,100	Bharti Airtel / DGM-SCM Head
10	Mr. Subramanian Balasubramanian*	CFO	Permanent	Finance	CA, ICWA	54	10-Aug-18	30	20,399,364	Bharti Airtel Ltd / Global Head – Shared Services
<b>(B) Employed for part of financial year except top 10 employees mentioned in (A) above</b>										
1	Mr. Ravinder Bansal	VP:Finance	Permanent	Finance	B.Com/C.A.	46	2-Sep-13	21	8,411,208	Airtel Tanzania Ltd / Financial Controller
2	Mr. Ajay Gupta	Sr VP:SCM	Permanent	SCM	PGDBM	51	1-Nov-12	28	8,123,688	INOX Winds Ltd / Head – SCM

**Notes:** 1. Gross Remuneration comprises of Salary, Taxable Allowances & Perquisites and Company's contribution to Provident Fund.

2. The employee would qualify for being included in Category (A) or (B) on the following basis:

For (A) top 10 employees in terms of remuneration drawn and if the aggregate remuneration drawn by him during the year was not less than ₹ 10,200,000 p.a.

For (B) if the aggregate remuneration drawn by him during the part of year was not less than ₹ 850,000 p.m.

3. None of the employees mentioned above is a relative of any Director of the Company.

4. None of the employees mentioned above holds 2% or more share capital of the Company.

5. The employees are governed by the general terms and conditions of employment and the policies of the Company.

For **Bharti Infratel Limited**

**Akhil Gupta**  
Chairman

Date: April 23, 2020

Place: New Delhi

# Annexure J

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

Bharti Infratel Limited has always aimed to be an environment-friendly company. Our constant pursuit of being a green organisation goes back to year 2006, when the Company was incorporated. Over time, ambitions matured, and so did our efforts. Today, we feel proud in saying that we have a total of 15,594 green sites pan India.

Our unique business model allows the operators to lower their operational expenses significantly, by exploiting the best of our networks with the co-location model. This unique proposition serves a host of purposes including a considerable reduction in diesel cost per co-location, faster rollouts, and lowers emissions.

We, at Bharti Infratel, have the vision to be the best and most innovative passive communications infrastructure provider globally known for – highest uptime, cost and energy efficiencies, speed and quality of deployment and environment friendliness. Our strategy and actions are planned such that we objectively fulfill our vision of becoming a green company.

### A. Conservation of Energy

**(i) During the year under review, several steps were taken for conservation of energy and improving energy efficiency, some of which are listed below:**

Infratel is committed for ensuring highest uptime at lowest energy costs in turn resulting in minimization of carbon emission as a whole. To support our vision, we continued our journey of increasing our leverage on new range of business engines and centralized reporting platform “One View” which provides single access to entire site details as well as ready to use energy and other infra health analysis reports thus helping in reduction of energy costs, improvement in infra utilization levels and in turn lowering our carbon footprint.

At Infratel, we believe that apart from electrification, batteries act as major catalyst for reduction of energy cost/emissions as it supports reduction of DG run hour in absence of state electricity on site. Hence, it remains our core focus area. This year, we continued with addition of new solutions to our battery solution basket which has now expanded to VRLA, Advanced VRLA, T-GEL, Lithium ion, Lithium ion + VRLA combo, HTC batteries effectively covering all commercially viable storage solutions available in ecosystem.

Our focus on “Abandoning Air-conditioner’ project continued, whereby we have ensured conversion of 85% of the possible universe to Outdoor, thereby resulting in energy cost reduction as well as emissions from the site. For the said project, we introduced Dual Turbine Unit for Reinforced Cement Concrete structures, large sized micro cooling with Heat Exchange Unit based solution, apart from already designed solution gamut including solar based natural free cooling units, large sized micro cooling cabinets, HEX based micro cooling units Free Cooling Unit (FCU), Natural Cooling Unit (NCU) and Dual Turbine Unit.

Apart from focus on abandoning air conditioner, high efficiency and DC Aircons were also introduced to reduce energy consumption at critical sites where air conditioners are still mandatorily required for the upkeep of sensitive equipment.

Energy Efficiency has also been steadily rising in our systems with introduction of high efficiency rectifier module and power system into our folds which is resulting in reduction in energy consumption or in turn costs.

To further improve energy efficiency, low cost intelligent solutions have been developed to replace ageing Power Interface Unit based power system. It shall ensure life extension of PIU related infrastructure as well as reduction in energy losses happening owing to old and aged PIU.

To ensure that energy solutions remain cost effective, we have also initiated battery rejuvenation which extends life of existing battery banks thereby delivering energy savings at lower costs.

Our multipronged strategy for reducing consumption and losses along with operational efforts have yielded big results and have helped in reduction in diesel consumption by a great margin.

**(ii) The following initiatives have been undertaken by the Company to utilise alternate source of energy:**

Infratel has always been the pioneer in usage of alternate energy sources for reducing dependence on carbon intensive energy sources. Regular scanning for conventional or non-conventional energy sources is carried out, whereby the

solution is evaluated both technically and commercially in terms of deployment and scalability. Solutions such as solar, wind, hydrogen based fuel-cell, bio-mass have been tested and feasible solutions among these have been adopted.

Through persistent efforts, we have been able to deploy the largest solar footprint in telecom industry leading to reduction in carbon emission. To further enhance our reach, we have developed complete solar solution ensemble comprising of solutions based on charge controller, solar inverters and combination of solar inverter and charge controller. We intend to continue deploying alternatives basis site feasibility analysis.

To further enhance our stride towards green vision, we have completed trials for methanol based fuel cell and wind turbines. The same are now ready to be deployed across universe.

### (iii) Future plan of action

As a committed movement towards green environment at Infratel, we plan to remain committed to our efforts towards optimization of energy consumption by increasing EB availability, improving efficiency, reducing load, deploying high end batteries, enhancing adoption of renewable energy sources and driving operational efficiencies.

For the year 2020-21, we intend to increase our energy cost reduction armour by introduction of state of the art remote monitoring and big data analytic engines into the system. The above referred stimulus should further accelerate our journey towards energy excellence.

To improve on utilization of renewables and increasing our contribution towards society, we intend to refocus our synergies for maximization of RESCO model in more states, thus ensuring a reliable clean power to ourselves as well as doing our bit for the betterment of community as a whole.

In our efforts towards load reduction and abandoning of air conditioners, we intend to put in more collaborative efforts with our active infra partners to ensure quicker adoption of low power consuming devices and conversion from indoor to outdoor.

### (iv) The Capital investment on energy conservation equipments

(₹ Million)

S. No.	Capex on Energy Conservation	Standalone	Consolidated
1	During FY 2019-20	72	94
2	Cumulative as on March 31, 2020	3,259	8,301

### B. Technology Absorption

The Company continues to adopt and use the latest technologies to improve the productivity and quality of its services. However, this section is not applicable to the Company.

### C. Foreign Exchange Earnings and Outgo

(i) Activities relating to exports; initiatives taken to increase exports; development of new export markets for products and services and export plans;

Bharti Infratel Limited, being a telecom tower infrastructure service provider, has not undertaken any activity relating to exports or development of export markets for services.

(ii) Total foreign exchange used and earned

(a) Total Foreign Exchange Earning: Nil

(b) Total Foreign Exchange Outgo: Nil

# Annexure K

## Form No. MGT-9

### Extract of Annual Return

as on the financial year ended on March 31, 2020

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

### I. Registration and Other Details:

i)	CIN:	L64201HR2006PLC073821
ii)	Registration Date:	November 30, 2006
iii)	Name of the Company:	Bharti Infratel Limited
iv)	Category/ Sub- Category of the Company	Company limited by shares/ Public Non-Government Company
v)	Address of the registered office of the Company and contact details	901, Park Centra, Sector 30, NH-8, Gurugram, Haryana-122001 Tel: +91-124-4132600 Fax: +91-124-4109580 Email ID: compliance.officer@bharti-infratel.in Website: www.bharti-infratel.com
vi)	Whether listed company	Yes
vii)	Name, Address and contact details of Registrar and Transfer Agent, if any	KFin Technologies Private Limited (formerly known as Karvy Fintech Private Limited) Selenium Building, Tower B, Plot No. 31 & 32, Gachibowli Financial District, Hyderabad- 500032 Contact Person: Mr. Rajkumar Kale Tel: +91-040-67161736 Email: einward.ris@kfintech.com Website: www.kfintech.com

### II. Principal Business Activities of the Company

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

S. No.	Name and Description of main products/ services	NIC Code of the product/ service*	% to total turnover of the Company
1	Activities of providing Telecom Tower Infrastructure sharing for telecommunication services	612	100%

\*As per National Industrial classification- Ministry of Statistics and Programme Implementation.

### III. Particulars of Holding, Subsidiary and Associate Companies

S. No.	Name and Address of the Company	CIN/ GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1	Bharti Airtel Limited Bharti Crescent, 1 Nelson Mandela Road, Vasant Kunj, Phase-II, New Delhi - 110070	L74899DL1995PLC070609	Holding Company	53.51%*	2(46)
2	Smartx Services Limited Bharti Crescent, 1 Nelson Mandela Road, Vasant Kunj, Phase-II, New Delhi- 110070	U64202DL2015PLC285515	Subsidiary Company	100%	2(87)
3	Indus Towers Limited Building No. 10, Tower-A, 4 <sup>th</sup> Floor, DLF Cyber City, Gurugram, Haryana-122002	U92100HR2007PLC073822	Associate Company	42%	2(6)

\*includes 19.94% shares held by Nettle Infrastructure Investments Limited, a wholly owned subsidiary of Bharti Airtel Limited.

### IV. Shareholding Pattern (Equity Share Capital Breakup as Percentage of Total Equity)

#### i) Category-wise Share Holding

Category Code	Category of Shareholder	No. of shares held at the beginning of the year i.e. April 1, 2019				No. of shares held at the end of the year i.e. March 31, 2020				% change during the year
		Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
<b>(A)</b>	<b>Promoter and Promoter Group</b>									
<b>(1)</b>	<b>Indian</b>									
(a)	Individual /HUF	-	-	-	-	-	-	-	-	-
(b)	Central Government/State Government(s)	-	-	-	-	-	-	-	-	-
(c)	Bodies Corporate	989,780,979	-	989,780,979	53.51%	989,780,979	-	989,780,979	53.51%	-
(d)	Financial Institutions / Banks	-	-	-	-	-	-	-	-	-
(e)	Others	-	-	-	-	-	-	-	-	-
	<b>Sub-Total A(1) :</b>	<b>989,780,979</b>	<b>-</b>	<b>989,780,979</b>	<b>53.51%</b>	<b>989,780,979</b>	<b>-</b>	<b>989,780,979</b>	<b>53.51%</b>	<b>-</b>
(2)	Foreign									
(a)	NRIs - Individuals	-	-	-	-	-	-	-	-	-
(b)	Others - Individuals	-	-	-	-	-	-	-	-	-
(c)	Bodies Corporate	-	-	-	-	-	-	-	-	-
(d)	Banks/ Financial Institutions	-	-	-	-	-	-	-	-	-
(e)	Others	-	-	-	-	-	-	-	-	-
	<b>Sub-Total A(2) :</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
	<b>Total A=A(1)+A(2)</b>	<b>989,780,979</b>	<b>-</b>	<b>989,780,979</b>	<b>53.51%</b>	<b>989,780,979</b>	<b>-</b>	<b>989,780,979</b>	<b>53.51%</b>	<b>-</b>
<b>(B)</b>	<b>Public Shareholding</b>									
<b>(1)</b>	<b>Institutions</b>									
(a)	Mutual Funds /UTI	15,655,408	-	15,655,408	0.85%	35,249,739	-	35,249,739	1.91%	1.06%
(b)	Banks/ Financial Institutions	2,177,160	-	2,177,160	0.12%	2,054,511	-	2,054,511	0.11%	-0.01%
(c)	Central Government / State Government(s)	-	-	-	-	-	-	-	-	-
(d)	Venture Capital Funds	-	-	-	-	-	-	-	-	-
(e)	Insurance Companies	11,479,365	-	11,479,365	0.62%	26,951,845	-	26,951,845	1.46%	0.84%



Category Code	Category of Shareholder	No. of shares held at the beginning of the year i.e. April 1, 2019				No. of shares held at the end of the year i.e. March 31, 2020				% change during the year
		Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
(f)	Foreign Institutional Investors	811,952,686	-	811,952,686	43.90%	777,354,226	-	777,354,226	42.03%	-1.87%
(g)	Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
(h)	Others	-	-	-	-	-	-	-	-	-
	Qualified Institutional Buyers	-	-	-	-	2,020,932	-	2,020,932	0.11%	0.11%
	Alternative Investment Fund	2,068	-	2,068	0.00%	18,127	-	18,127	0.00%	-
	<b>Sub-Total B(1) :</b>	<b>841,266,687</b>	<b>-</b>	<b>841,266,687</b>	<b>45.48%</b>	<b>843,649,380</b>	<b>-</b>	<b>843,649,380</b>	<b>45.62%</b>	<b>0.13%</b>
<b>(2)</b>	<b>Non-Institutions</b>									
(a)	Bodies Corporate									
	(i) Indian	8,936,614	-	8,936,614	0.48%	1,988,877	-	1,988,877	0.10%	-0.38%
	(ii) Overseas	-	-	-	-	-	-	-	-	-
(b)	Individuals									
	(i) Individual shareholders holding nominal share capital upto ₹1 lakh	4,223,987	1,340	4,225,327	0.23%	5,457,376	1,168	5,458,544	0.30%	0.07%
	(ii) Individual shareholders holding nominal share capital in excess of ₹1 lakh	2,701,400	-	2,701,400	0.15%	1,918,838	-	1,918,838	0.10%	-0.05%
(c)	Others									
	Clearing Members	865,596	-	865,596	0.05%	3,342,300	-	3,342,300	0.18%	0.13%
	Trusts*	1,586,338	-	1,586,338	0.09%	3,177,122	-	3,177,122	0.17%	0.08%
	Non resident Indians	245,305	-	245,305	0.01%	291,986	-	291,986	0.02%	0.01%
	NBFCs registered with RBI	-	-	-	-	220	-	220	0.00%	0.00%
	<b>Sub-Total B(2) :</b>	<b>18,559,240</b>	<b>1,340</b>	<b>18,560,580</b>	<b>1.00%</b>	<b>16,176,719</b>	<b>1,168</b>	<b>16,177,887</b>	<b>0.87%</b>	<b>-0.13%</b>
	<b>Total B=B(1)+B(2) :</b>	<b>859,825,927</b>	<b>1,340</b>	<b>859,827,267</b>	<b>46.49%</b>	<b>859,826,099</b>	<b>1,168</b>	<b>859,827,267</b>	<b>46.49%</b>	<b>-</b>
	<b>Total (A+B) :</b>	<b>1,849,606,906</b>	<b>1,340</b>	<b>1,849,608,246</b>	<b>100.00%</b>	<b>1,849,607,078</b>	<b>1,168</b>	<b>1,849,608,246</b>	<b>100.00%</b>	<b>-</b>
(C)	Shares held by custodians, against which Depository Receipts have been issued	-	-	-	-	-	-	-	-	-
	<b>GRAND TOTAL (A+B+C) :</b>	<b>1,849,606,906</b>	<b>1,340</b>	<b>1,849,608,246</b>	<b>100.00%</b>	<b>1,849,607,078</b>	<b>1,168</b>	<b>1,849,608,246</b>	<b>100.00%</b>	<b>-</b>

\*Trust includes shares held by Bharti Infratel Employee Welfare Trust.

## ii) Shareholding of Promoters

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year i.e April 1, 2019			Shareholding at the end of the year i.e March 31, 2020			% change in share holding during the year
		No. of shares	% of total Shares of the Company	% of Shares Pledged / encumbered to total shares	No. of shares	% of total Shares of the Company	% of Shares Pledged / encumbered to total shares	
1	Bharti Airtel Limited	620,898,728	33.57	0.00	620,898,728	33.57	0.00	-
2	Nettle Infrastructure Investments Limited*	368,882,251	19.94	0.00	368,882,251	19.94	0.00	-
	<b>Total</b>	<b>989,780,979</b>	<b>53.51</b>	<b>0.00</b>	<b>989,780,979</b>	<b>53.51</b>	<b>0.00</b>	<b>-</b>

\*Nettle Infrastructure Investments Limited qualifies as part of the Promoter Group u/r 2(1)(t) of SEBI (Substantial Acquisition of Shares and Takeover) Regulations, 2011 as well as "person acting in concert" with promoter (Bharti Airtel Limited) as specified u/r 2(1)(q) of the said Regulations.

**(iii) Change in Promoters' Shareholding:**

Sl. No.	Name	Shareholding at the beginning of the year		Date	Increase/ (Decrease) in shareholding	Reason of Increase or (Decrease)/ Balances	Cumulative shareholding during the year/ Shareholding at the end of the year	
		No. of shares	% of total shares of the Company				No. of shares	% of total Shares of the Company
1	Bharti Airtel Limited	620,898,728	33.57	April 1, 2019	-	Opening Balance	620,898,728	33.57
				March 31, 2020	-	Closing Balance	620,898,728	33.57
2	Nettle Infrastructure Investments Limited*	368,882,251	19.94	April 1, 2019	-	Opening Balance	368,882,251	19.94
				March 31, 2020	-	Closing Balance	368,882,251	19.94

\*Nettle Infrastructure Investments Limited qualifies as part of the Promoter Group u/r 2(1)(f) of SEBI (Substantial Acquisition of Shares and Takeover) Regulations, 2011 as well as "person acting in concert" with promoter (Bharti Airtel Limited) as specified u/r 2(1)(q) of the said Regulations.

**(iv) Shareholding Pattern of Top 10 shareholders (other than Directors, Promoters and holders of GDRs and ADRs)**

S. No.	Name of the Share Holder	Shareholding		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
<b>1</b>	<b>Silverview Portfolio Investments Pte. Ltd.</b>				
	At the beginning of the year	130,803,065	7.07	130,803,065	7.07
	Bought during the year	-	-	-	-
	Sold during the year	-	-	-	-
	At the end of the year	130,803,065	7.07	130,803,065	7.07
<b>2</b>	<b>Edgepoint Global Portfolio</b>				
	At the beginning of the year	67,178,334	3.63	67,178,334	3.63
	Bought during the year	8,636,139	0.47	75,814,473	4.10
	Sold during the year	-	-	-	-
	At the end of the year	75,814,473	4.10	75,814,473	4.10
<b>3</b>	<b>Canada Pension Plan Investment Board</b>				
	At the beginning of the year	60,461,609	3.27	60,461,609	3.27
	Bought during the year	-	-	-	-
	Sold during the year	-	-	-	-
	At the end of the year	60,461,609	3.27	60,461,609	3.27

S. No.	Name of the Share Holder	Shareholding		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
<b>4</b>	<b>Artisan International Value Fund</b>				
	At the beginning of the year	43,354,964	2.34	43,354,964	2.34
	Bought during the year	9,471,947	0.51	52,826,911	2.86
	Sold during the year	1,745,817	0.09	51,081,094	2.76
	At the end of the year	51,081,094	2.76	51,081,094	2.76
<b>5</b>	<b>Edgepoint Global Growth &amp; Income Portfolio</b>				
	At the beginning of the year	39,812,993	2.15	39,812,993	2.15
	Bought during the year	8,782,709	0.47	48,595,702	2.63
	Sold during the year	-	-	-	-
	At the end of the year	48,595,702	2.63	48,595,702	2.63
<b>6</b>	<b>New World Fund INC</b>				
	At the beginning of the year	-	-	-	-
	Bought during the year	32,849,728	1.78	32,849,728	1.78
	Sold during the year	1,294,302	0.07	31,555,426	1.71
	At the end of the year	31,555,426	1.71	31,555,426	1.71
<b>7</b>	<b>Life Insurance Corporation of India</b>				
	At the beginning of the year	11,289,365	0.61	11,289,365	0.61
	Bought during the year	15,472,480	0.84	26,761,845	1.45
	Sold during the year	-	-	-	-
	At the end of the year	26,761,845	1.45	26,761,845	1.45
<b>8</b>	<b>Virtus Vontobel Emerging Market Opportunities Fund</b>				
	At the beginning of the year	18,773,996	1.02	18,773,996	1.02
	Bought during the year	595,421	0.03	19,369,417	1.05
	Sold during the year	19,369,417	1.05	-	-
	At the end of the year	-	-	-	-
<b>9</b>	<b>Composite Capital Master Fund LP</b>				
	At the beginning of the year	16,540,729	0.89	16,540,729	0.89
	Bought during the year	-	-	-	-
	Sold during the year	16,540,729	0.89	-	-
	At the end of the year	-	-	-	-
<b>10</b>	<b>Lazard Emerging Markets Equity Portfolio</b>				
	At the beginning of the year	-	-	-	-
	Bought during the year	19,291,798	1.04	19,291,798	1.04
	Sold during the year	2,766,712	0.15	16,525,086	0.89
	At the end of the year	16,525,086	0.89	16,525,086	0.89

S. No.	Name of the Share Holder	Shareholding		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
<b>11</b>	<b>St. James's Place Global Equity Unit Trust</b>				
	At the beginning of the year	16,350,849	0.88	16,350,849	0.88
	Bought during the year	4,257,121	0.23	20,607,970	1.11
	Sold during the year	-	-	-	-
	At the end of the year	20,607,970	1.11	20,607,970	1.11
<b>12</b>	<b>Camas Investments Pte. Ltd.</b>				
	At the beginning of the year	16,133,489	0.87	16,133,489	0.87
	Bought during the year	-	-	-	-
	Sold during the year	-	-	-	-
	At the end of the year	16,133,489	0.87	16,133,489	0.87
<b>13</b>	<b>Vanguard Emerging Markets Stock Index Fund</b>				
	At the beginning of the year	13,611,319	0.74	13,611,319	0.74
	Bought during the year	64,954	0.00	13,676,273	0.74
	Sold during the year	1,081,618	0.06	12,594,655	0.68
	At the end of the year	12,594,655	0.68	12,594,655	0.68

**Notes:**

The details of top 10 Shareholders at any point of time during the FY 2019-20 has been provided.

The details of shareholding are maintained by respective depositories and it is not feasible to provide daily change in the shareholding of top 10 Shareholders. Therefore, Consolidated changes during the year 2019-20 have been provided.

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

S. No.	Name	Shareholding at the beginning of the year		Date	Increase/ Decrease in shareholding	Reason of Increase or Decrease/ Balances	Cumulative shareholding during the year/ Shareholding at the end of the year	
		No. of shares	% of total shares of the Company				No. of shares	% of total shares of the Company
1	Mr. Akhil Gupta (Chairman)	1,552,217	0.08	April 1, 2019		<b>Opening Balance</b>	1,552,217	0.08
				September 4, 2019	(5,981)	Market Sale	1,546,236	0.08
				September 5, 2019	(200,000)	Market Sale	1,346,236	0.07
				September 6, 2019	(169,019)	Market Sale	1,177,217	0.06
				December 26, 2019	(50,000)	Market Sale	1,127,217	0.06
				December 27, 2019	(225,000)	Market Sale	902,217	0.05
				February 6, 2020	(108,410)	Market Sale	793,807	0.04

S. No.	Name	Shareholding at the beginning of the year		Date	Increase/Decrease in shareholding	Reason of Increase or Decrease/Balances	Cumulative shareholding during the year/Shareholding at the end of the year	
		No. of shares	% of total shares of the Company				No. of shares	% of total shares of the Company
				February 7, 2020	(13,215)	Market Sale	780,592	0.04
				February 10, 2020	(40,000)	Market Sale	740,592	0.04
				February 11, 2020	(28,375)	Market Sale	712,217	0.04
				March 31, 2020		<b>Closing Balance</b>	712,217	0.04
2	Mr. D S Rawat (Managing Director & CEO)	104,367	0.01	April 1, 2019		<b>Opening Balance</b>	104,367	0.01
				August 19, 2019	20,380	ESOP allotment	124,747	0.01
				November 29, 2019	(16,000)	Market Sale	108,747	0.01
				March 31, 2020		<b>Closing Balance</b>	108,747	0.01

No other Director held any shares of the Company during the year.

**Key Managerial Personnel other than Executive Directors**

1	Mr. S Balasubramanian (Chief Financial Officer)*	-	-	April 1, 2019		<b>Opening Balance</b>	-	-
				September 7, 2019	5,628	ESOP allotment	5,628	0.00
				November 6, 2019	(5,628)	Market Sale	-	-
				March 31, 2020		<b>Closing Balance</b>	-	-

\*Mr. S Balasubramanian resigned w.e.f. December 5, 2019.

Ms. Samridhi Rodhe, Company Secretary did not hold any shares in the Company during the year.

## V. Indebtedness of the Company including interest outstanding/ accrued but not due for payment

(₹ Million)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i. Principal Amount	-	57	-	57
ii. Interest due but not paid	-	-	-	-
iii. Interest accrued but not due	-	-	-	-
<b>Total (i+ ii+ iii)</b>	-	<b>57</b>	-	<b>57</b>
Change in indebtedness during the financial year				
Addition	-	25,531	-	25,531
Reduction	-	1,404	-	1,404
<b>Net change</b>	-	<b>24,127</b>	-	<b>24,127</b>
<b>Indebtedness at the end of the financial year</b>				
i. Principal Amount	-	24,184	-	24,184
ii. Interest due but not paid	-	-	-	-
iii. Interest accrued but not due	-	55	-	55
<b>Total (i+ ii+ iii)</b>	-	<b>24,239</b>	-	<b>24,239</b>



## VI. Remuneration of Directors and Key Managerial Personnel

### A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

(₹)

S. No.	Particulars of Remuneration	Name of MD/ WTD/ Manager		Total Amount
		Mr. Akhil Gupta (Chairman)	Mr. D S Rawat (Managing Director & CEO)	
1	<b>Gross Salary</b>			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax act, 1961	81,438,552	36,049,813	117,488,365
	(b) Value of perquisites u/s 17(2) of Income tax Act, 1961	39,600	-	39,600
	(i) Perquisite value of Car	-	-	-
	(ii) Perquisite value of ESOPs exercised during the year	-	4,822,037	4,822,037
	(iii) others	-	-	-
	(c) Profit In lieu of salary under section 17(3) of Income tax Act, 1961	-	-	-
2	<b>Stock Option</b>			
	- Granted	-	-	-
	- Exercised (perquisite value)	-	-	-
3	<b>Sweat Equity</b>			
	- Granted	-	-	-
	- Exercised (perquisite value)	-	-	-
4	<b>Commission</b>			
	- as % of profit	-	-	-
	- others, specify	-	-	-
5	<b>Others (Company's contribution to PF)</b>	7,396,632	1,679,348	9,075,980
	<b>Total(A)</b>	<b>88,874,784</b>	<b>42,551,198</b>	<b>131,425,982</b>
	<b>Ceiling as per Companies Act, 2013</b>			<b>2,191,784,024</b>

### B. Remuneration to other Directors:

(₹)

Particulars of Remuneration	Name of Director									Total Amount
	Ms. Anita Kapur	Mr. Bharat Sumant Raut	Mr. Jitender Balakrishnan	Dr. Leena Srivastava	Mr. N Kumar	Mr. Rajinder Pal Singh	Mr. Prakul Kaushiva <sup>#</sup>	Mr. Rajan Bharti Mittal	Mr. Tao Yih Arthur Lang <sup>**</sup>	
	Independent Director				Non-executive Directors					
Fee for attending board/ committee meetings	-	-	-	-	-	-	-	-	-	-
Commission*	1,500,000	2,000,000	1,500,000	750,000	1,500,000	1,500,000	375,000	750,000	750,000	10,625,000
Others, please specify	-	-	-	-	-	-	-	-	-	-
<b>Total (B)</b>	<b>1,500,000</b>	<b>2,000,000</b>	<b>1,500,000</b>	<b>750,000</b>	<b>1,500,000</b>	<b>1,500,000</b>	<b>375,000</b>	<b>750,000</b>	<b>750,000</b>	<b>10,625,000</b>
Ceiling as per the Companies Act, 2013										219,178,402
<b>Total Managerial Remuneration (A+B)</b>										<b>142,050,982</b>
Overall Ceiling as per the Companies Act, 2013										2,410,962,426

\*Commission is paid to Directors on the basis of no. of Board meetings attended by them in which quarterly financial results are adopted.

\*\*Ms. Tan Yong Choo attended the Board meetings held on October 21, 2019, December 10, 2019 and January 30, 2020 as an Alternate Director to Mr. Tao Yih Arthur Lang.

#Mr. Prakul Kaushiva ceased to be a Director w.e.f. December 30, 2019.

**C. Remuneration to Key Managerial Personnel other than MD/ Manager/ WTD**

(₹)

S. No.	Particulars of Remuneration	Key Managerial Personnel		Total Amount
		Mr. S Balasubramanian** (Chief Financial Officer)	Ms. Samridhi Rodhe (Company Secretary)	
1	<b>Gross Salary</b>			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax act , 1961	18,264,805	2,195,178	20,459,983
	(b) Value of perquisites u/s 17(2) Income tax Act, 1961	285,468	36,680	322,148
	(i) Perquisite value of Car	-	-	
	(ii) Perquisite value of ESOPs exercised during the year	1,351,456	-	1,351,456
	(iii) others	-	-	
	(c) Profit In lieu of salary under section 17(3) of the Income tax Act, 1961	-	-	
2	<b>Stock Option</b>			
	- Granted	-	-	
	- Exercised (perquisite value)	-	-	
3	<b>Sweat Equity</b>			
	- Granted	-	-	
	- Exercised (perquisite value)	-	-	
4	<b>Commission</b>			
	- as % of profit	-	-	
	- others, specify	-	-	
5	Others (Company's contribution to PF)	497,635	124,800	622,435
	<b>Total</b>	<b>20,399,364</b>	<b>2,356,658</b>	<b>22,756,022</b>

\*\*Mr. S Balasubramanian resigned w.e.f. December 5, 2019. His remuneration includes full and final settlement.

**VII. There were no penalties/punishment/compounding of offences for the year ending March 31, 2020.**

# Management Discussion & Analysis

## Indian Telecom Industry overview

India is currently the world's second-largest telecommunications market with a wireless subscriber base of 1.15 Bn (as of December 31, 2019) with one of the lowest voice and data rates in the world. Wireless broadband penetration now stands at ~49% (as of December 31, 2019). Source: TRAI

According to the latest Ericsson Mobility report, India region consisting of India, Nepal and Bhutan mobile subscriptions are expected to grow from 1,220 Mn in 2018 to 1,450 Mn by 2025, growing at CAGR of ~3%. The region also has the highest average usage per smartphone per month at 10.2 gigabytes (GB) in 2018. This is expected to reach 24 GB by 2025, representing a CAGR of 10%. Data traffic to increase to ~4.8x from 4.6 EB/month in 2018 to 22 EB/month by 2025. Improved device capabilities, an increase in data-intensive content and more affordable data plans have driven increase in mobile data traffic per smartphone.

### Industry Structure and Developments:

- **AGR Update:** The Hon'ble Supreme Court in its judgment dated October 24, 2019 ('SC AGR Judgement') passed in the favour of the Department of Telecommunications, held that the definition of Gross Revenue as defined under Clause 19.1 of the License granted by the Government of India to the Telecom Service Providers (TSPs) that all telecom revenues should form part of the AGR for the purposes of determining the license fee. Further by way of a Supplementary Order Dated October 24, 2019, the Hon'ble Supreme Court directed the affected parties to deposit the amount, which is due and compliance be reported within 90 days from the date of the SC AGR Judgement. The Telecom Service Providers filed a Review Petition before the Hon'ble Supreme Court and the same has been rejected in January 2020. Further, the Telecom Service Providers have filed an application for modification of the Supplementary Order before the Hon'ble Supreme Court of India, which has also been rejected on March 18, 2020. The Hon'ble Supreme Court also ordered that the application filed by the DoT with respect to giving reasonable time for payment of the dues and to cease the interest after a particular date, would be considered. Hearing date for the same is not directed yet.
- **National Digital Communications Policy:** Based on the National Digital Communications Policy-2018 (NDCP-2018),

TRAI had completed the public consultation on enhancement of scope of IP-I category to include active infrastructure in addition to passive infrastructure and accordingly issued industry favorable recommendations to DoT on March 13, 2020 to meet the present need of telecommunication services in the country. Key TRAI Recommendations are as follows:

- Any service provider having valid authorization from the Government to establish, maintain, and work a telegraph to deliver Telecommunication Services, shall be eligible to obtain such a telegraph infrastructure on lease/rent/purchase basis from IP-I registration holders.
- The expanded scope of the IP-I registration should include to own, establish, maintain, and work all such infrastructure items, equipment, and systems which are required for establishing Wireline Access Network, Radio Access Network (RAN), and Transmission Links covering Right of Way, Duct Space, Optical Fiber, Tower, Feeder cable, Antenna, Base Station, In-Building Solution (IBS), Distributed Antenna System (DAS), etc.

Acceptance of these TRAI recommendations will enable significantly enhanced scope of services for IP-I and we will be able to provide passive as well as active infrastructure services to the enhanced service providers including TSPs.

- **Passive Infrastructure Sharing:** DoT has issued advisory to TSPs on November 18, 2019 regarding sharing of their In-building Infrastructure (IBS, OFC & other cables, duct etc.) with other TSPs in all existing Government / public buildings/ places like Airport, Railway Stations, Bus Terminals, Metro Stations/ Lines, Hospitals etc as per the terms and conditions of their respective licenses. This should enable faster access to IBSs by all TSPs and likely to improve indoor coverage. TRAI Recommendation on allowing IP-I entities to offer passive IBS infrastructure is still pending at DoT.
- **Investment by Brookfield in Tower Infrastructure Trust of Reliance:** During the year, Reliance Industries announced investment by Brookfield Infrastructure Partners L.P. (Brookfield Infrastructure in the Tower Infrastructure Trust. In Dec 2019, Reliance Industries announced, Reliance Industrial Investments and Holdings Limited (RIIHL), a wholly-owned subsidiary of Reliance Industries Limited (RIL), has entered into binding agreements with Brookfield Infrastructure, and its

institutional partners, for an investment of ₹ 25,215 crore in the units to be issued by the Tower Infrastructure Trust (Trust) in accordance with the Securities and Exchange Board of India (Infrastructure Investment Trusts) Regulations, 2014. At the Closing of the Transaction, the Trust will own 100% of the issued and paid up equity share capital of Reliance Jio Infratel Private Limited (RJ IPL). Closing of the transaction is subject to certain regulatory approvals.

- **Interconnection Usage Charges (IUC) Update:** TRAI vide its amendment dated December 17, 2019 regarding Interconnection Usage Charges Regulation has deferred implementation of Bill and Keep (BAK) regime for a period of one year. Now the BAK will become effective from 01.01.2021 and for wireless to wireless domestic calls, termination charge would continue to remain as ₹ 0.06 (paise six only) per minute up to December 31, 2020.
- **Tariff Hikes:** After the Hon'ble Supreme Court's AGR Judgement, in December 2019 Bharti Airtel, Reliance Jio and Vodafone-Idea announced tariff hikes of up to 40% for prepaid customers. The same became effective in the first week of December 2019.
- **Floor Pricing update:** TRAI has issued consultation paper on tariff issues of Telecom Services on December 17, 2019 to deliberate and decide on the fixation of floor tariff for telecom services. TRAI vide this paper had sought inputs from various stakeholders including costing models to determine floor tariffs. The submissions process is completed. This will be followed by open house discussions on the topic, after which the regulator will make its recommendations.
- **Fund raising by operators:** During the year, Bharti Airtel and Vodafone-Idea concluded their previously announced fund raising initiatives and also announced & concluded new fund raising plans to aid further investments in their respective businesses. In May 2019, Bharti Airtel allotted 1133.59 Mn fully paid up equity shares (face value ₹ 5 each) at a price of ₹ 220/- per share aggregating to ₹ 249,390.04 Mn by way of rights issue. In May 2019, Vodafone idea issued 20 Bn fully paid up equity shares (face value ₹ 10 each) at a price of ₹ 12.50 per share aggregating up to ₹ 250 Bn by way of rights issue to the eligible equity shareholders.

In October 2019, Bharti Airtel announced that its wholly owned subsidiary Network i2i Limited has successfully priced

Subordinated Perpetual Securities of US\$750 million which is the first subordinated perpetual by an Investment Grade Corporate out of India. In January 2020, Bharti Airtel further announced the successful fund raising exercise through Qualified Institutional Placement (QIP) and Foreign Currency Convertible Bonds (FCCBs). The Company raised USD 2 Bn through QIP and USD 1 Bn through FCCBs. In February 2020, Bharti Airtel announced that its wholly owned subsidiary Network i2i Limited has successfully issued additional Subordinated Perpetual Securities of US\$250 million.

In April 2020, Reliance Industries Limited, Jio Platforms Limited and Facebook, Inc. announced the signing of binding agreements for an investment of ₹ 43,574 crore by Facebook into Jio Platforms, a wholly-owned subsidiary of Reliance Industries Limited. Facebook's investment will translate into a 9.99% equity stake in Jio Platforms on a fully diluted basis.

- **5G Trial licenses:** DoT issued guidelines in August 2019 regarding issuance of trial licenses especially for 5G technologies in the following categories - (a) Experimental and Technology Trial License (b) Manufacturing and Testing License (c) Demonstration License. As per media reports, TSPs have filed their 5G trial application with DoT in the 2<sup>nd</sup> week of January 2020. Reports also suggest Airtel and Vodafone Idea have partnered with Huawei, ZTE, Ericsson and Nokia and RJIO has partnered with Samsung. The 5G trials are yet to be conducted.
- **Bharti Airtel and Vodafone-Idea Fiber update:** Both Vodafone-Idea and Bharti Airtel have undertaken steps to demerge their fiber assets in the last few years. In October 2019, Vodafone-Idea announced that the Scheme for transfer of its fiber infrastructure to its wholly owned subsidiary, Vodafone Towers Ltd. by way of demerger has become effective. For Airtel, the Scheme of arrangement between Bharti Airtel and its wholly subsidiary Telesonic Networks Ltd., for the transfer of optical fibre cable business became effective in August 2019.

## Company Updates

- **Merger with Indus Towers:** On April 25, 2018, Bharti Infratel and Indus Towers and their respective shareholders and creditors entered into a proposed Scheme of amalgamation and arrangement (under section 230 to 232 and other applicable provisions of the Companies Act, 2013) ('Scheme')

to create a pan-India tower company operating across all 22 telecom service areas. The combined company, which will fully own the respective businesses of Infratel and Indus Towers, will change its name to Indus Towers Limited and will continue to be listed on the Indian Stock Exchanges. The Scheme has received approval from Competition Commission of India and No Objection from the Securities Exchange Board of India through BSE Limited and National Stock Exchange of India Limited. The Scheme has also been approved by the Hon'ble Chandigarh Bench of the National Company Law Tribunal (NCLT). Further, approval of Department of Telecommunications for FDI has been received on February 21, 2020. The long stop date for the Scheme has been extended by the Board of Directors till June 24, 2020, subject to agreement on closing adjustments and other conditions precedent for closing, with each party retaining the right to terminate and withdraw the scheme. Upon fulfillment / waiver of conditions precedent, final order being passed by NCLT and filing of the certified copy of the order of Hon'ble NCLT with Registrar of Companies, the Scheme shall become effective.

- **Resignation of CFO:** S. Balasubramanian has resigned as the Chief Financial Officer (CFO) of the Company w.e.f. the close of business hours on December 5, 2019. His replacement will be announced in due course.
- **Ownership Updates:** Bharti Airtel, the holding company, held 53.51% cumulative stake in the Company as on March 31, 2020. Of the above, Bharti Airtel held 33.57% stake directly and balance 19.94% was held by Nettle Investments, a wholly owned subsidiary of Bharti Airtel. Overall the promoter holding, has remained unchanged at 53.51% from end of last year. Meanwhile, foreign institutional ownership was at 42.03% as on March 31, 2020 as compared to 8.65% at the time of IPO in December 2012.

## Opportunities & Threats

### Opportunities

#### Network densification and Quality of Service Improvement

In the last few years, data traffic has seen an exponential increase however the same pace has not been witnessed in networks. This gap underpins the network congestion and relatively poor quality of service faced by consumers especially during peak

hours. The demand for wireless broadband services is expected to intensify in the coming years, driven by availability of affordable handsets, proliferation of relevant applications and rich content, etc. A meaningful improvement in quality of service amidst the backdrop of continuously rising consumption, is only possible through network densification which represents new business opportunities for passive infrastructure providers like us in the form of macro and micro towers along with adjacent opportunities.

#### Adjacent Growth Opportunities

Considering the proliferation of data services through expansion of 3G / 4G network and infrastructure expansion across cities, we expect a likely surge in demand for small cells, fiberized backhaul, Wi-Fi hotspots, edge data centers, shareable passive infrastructure and In-building solutions (IBS) which represents new revenue opportunities for tower companies. These will also be the key components in the '**Smart Cities**' - '**Digital India**' project which is one of the biggest focus areas of the Government of India. Development of 'Smart Cities' is a key initiative under the 'Digital India' Program and the Government has already announced the creation of 100 'Smart Cities'. During the year, Bharti Infratel has been implementing the Bhopal Smart City project, while our Joint Venture Indus has been implementing the Smart city projects of Vadodara and New Delhi Municipal Corporation (NDMC) area. Indus has also won the Smart City bid for the Dehradun and will be implementing this project in the coming year(s). These projects will open up a new avenue of business and we believe we can replicate the benefits of the shared infrastructure model in this segment as well. We shall assess all the available opportunities and businesses that are in accordance with the Companies' philosophies and are value accretive. All such businesses will be taken up in consultation with the Board of Directors.

Brief update on the potential new revenue streams for the Company:

**Fiber** - While wireless backhaul solutions such as microwave and millimeter wave remain significant for telecom networks, multi-fold increase in data-driven traffic warrant the need for further investments in fiber. We keep evaluating various opportunities in this segment from time to time such as acquisitions of available fiber portfolios in the country, additional investments in laying own fiber in order to offer fiber-connected-towers to our customers, etc.



**IBS installations** - In-building deployments are capacity solutions and are rolled out to create more bandwidth in a small area. These solutions are particularly helpful in high foot fall areas like airports, stadiums, malls, hospitals and hotels. These solutions not only improve the user experience in the area but also free up macro network for street-level coverage. We are deploying IBS network installations for our customers at few such high footfall locations.

**Wi-Fi Hotspots** - The Company is looking to foray into rollout of Wi-Fi hotspots and offer B2B Wi-Fi to all the operators on a non-discriminatory basis.

### 5G

Based on global developments, 5G will create new use cases in various fields such as fixed wireless and connected homes in the case of telecoms, remote patient monitoring and tele-health in the case of healthcare, autonomous vehicles in the case of transportation, smart grids and smart lighting in the case of energy and utilities, industrial automation in the case of manufacturing, among many others. 5G is also expected to be deployed using significantly higher-frequency spectrum bands than 3G/4G such as mid-band 3.5-4.5Ghz and mmWave 24-42.5Ghz. This would require higher capex and opex as more number of towers and small-cells would be needed to cover a similar area vs. existing technologies. In markets like India, 5G could also be more cost-effective than providing broadband via Fiber To The Home (FTTH). This is usually referred to as fixed wireless i.e. providing a fiber-like broadband solution to customers using mobile (5G) rather than fiber. Thus, these factors could provide ideal grounds for passive infrastructure providers like us to make more investments in the future and promote sharing among operators.

### Inorganic Growth

Following the consolidation on the operator side, the tower industry may also have a similar scope especially companies with smaller portfolios. Such companies/portfolios may present an inorganic growth opportunity to Infratel and Indus to enhance our scale, improve our footprint and enhance our overall business potential. We will assess these opportunities in accordance with the Companies' philosophies, if they are value accretive. All such opportunities will be explored in consultation with the respective Board of Directors.

### Threats

#### Financial Health of Operators

Intense price competition has affected the financial health of operators. Our largest customers, Bharti Airtel and Vodafone-Idea are raising or have raised substantial amounts by way of rights issue, QIB, FCCB, Perpetual Bonds etc. to strengthen their financials. However, since our business and growth prospects mainly depend on demand from these providers in India, any deterioration in their financial health due to increased competition, adverse regulatory regime, general economic conditions, policy changes etc. can affect their ability to pay for infrastructure services, which in turn could adversely affect Bharti Infratel's and Indus' revenues and financial condition.

#### Further Operator Consolidation

The Indian telecom market has been witnessing operator consolidation, with the number of operators reducing from 14 at its peak to 5 in the last year. Any further consolidation either in number of players or their network footprint, could lead to material reduction in revenues and profitability. It may also impact the incremental revenue potential from these operators.

#### Increase in Competitive Intensity

As a B2B company, we see limited price elasticity i.e. increase in demand due to price cuts as we believe co-location demand is not interchangeable. Operators typically demand a certain location based on their radio planning and specific latitude/longitude requirements. However, one cannot rule out increase in competitive intensity especially as the recent consolidation has led to many tower companies witnessing sharp drop in co-locations leading to material financial impact for such companies. Additionally, operators especially incumbent operators have also witnessed a sharp erosion in margins etc. with the entry of the new operator and subsequent heightened competitive intensity. Thus, their ability to pay prevailing rates for use of passive infrastructure may also decline over time. New competition may also emerge from the Brookfield Infrastructure-Reliance Industries venture, however we believe with our scale, higher tenancy ratio and long-term existing contracts will help in maintaining our position in the industry.

## EMF Radiation Norms

EMF radiations are the invisible electric and magnetic forces arising from the active infrastructure installed at telecom towers. WHO has referred to the International Exposure Guidelines developed by International Commission on Non-Ionizing Radiation Protection (ICNIRP). Department of Telecommunication (DoT) has already prescribed stricter precautionary limits for Electro Magnetic Field (EMF) radiation from antenna on mobile towers. The present prescribed limits for EMF radiations from Base Station in India are one-tenth (1/10<sup>th</sup>) of internationally prescribed limits of ICNIRP. In order to ensure compliance to the prescribed stricter precautionary norms of EMF radiation from antennas on mobile towers, the extensive audit of comprehensive compliance self-certificates being submitted by telecom service providers and base transceiver station (BTS) sites is carried out by Telecom Enforcement Resource & Monitoring (TERM) field units of DoT. This is regularly done by TERM units for the purpose of limiting the EMF radiation exposure and keeping general public areas in the vicinity of towers safe. In case of any non-compliance, i.e. if any BTS site is found to violate the prescribed EMF norms, severe pecuniary actions are taken including closing of BTS site as per the prescribed procedure.

DoT has also referenced on WHO report as well as 25,000 articles in the past 30 years to say that there was no confirmation of “any health consequences from exposure to low level electromagnetic fields.”

Despite these measures, in the recent past there have been concerns around the radiations and its ill effects due to which securing a site for new tower addition has become difficult in few pockets. If proper information is not disseminated to general public, it might affect tower company business adversely.

## Financial Results & Operations

On a consolidated basis the Company added 3,095 net towers during the year. Net co-locations grew by 1,857 after taking into account 5,278 co-location exits. For the year ending March 31, 2020, average sharing factor stood at 1.85 times, on a consolidated basis (with a closing sharing factor of 1.83).

The Consolidated revenues for the year, at ₹ 146,472 Mn grew by 0.4% over the corresponding period last year. Our consolidated revenue comprises primarily revenues from co-locations of Bharti

Infratel and 42% economic Interest in Indus Towers and energy billings.

For the quarter ending March 31, 2020, Bharti Infratel and Indus Towers had average sharing factors of 1.82 (with closing sharing factor of 1.80) and 1.85 (with closing sharing factor of 1.85) per tower, respectively.

Consolidated EBITDA grew by 23% Y-o-Y to ₹ 74,422 Mn, representing an operating margin of 50.8%. Consolidated EBIT grew by 16% Y-o-Y to ₹ 43,929 Mn. The Operating Free Cash Flow grew by 3% Y-o-Y to ₹ 43,464 Mn for the year. The net profit for the year increased by 32% to ₹ 32,987 Mn, aided by the change in tax rates as both Infratel and Indus Towers have elected to the new tax rate as per option permitted under section 115BAA of the Income – tax Act, 1961 as introduced by the Taxation Laws (Amendment) Ordinance, 2019 dated September 20, 2019.

On a standalone basis, the Company added 1,665 net towers during the year. However, net co-locations declined by 626 due to operator exits.

The standalone revenues for the year, at ₹ 67,383 Mn declined by 1% over the corresponding period last year. Standalone EBITDA grew by 14% Y-o-Y to ₹ 36,170 Mn, representing an operating margin of 53.7%. Standalone EBIT increased by 11% Y-o-Y to ₹ 22,798 Mn. The Operating Free Cash Flow grew by 7% Y-o-Y to ₹ 23,938 Mn for the year. The net profit for the year (before dividend income) grew by 6% Y-o-Y to ₹ 17,466 Mn.

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

Note: With the adoption IND AS 116, effective April 1, 2019, the results for the quarter and full year ended March 31, 2020 are not comparable with previous periods. Refer Section-D of the 'Quarterly report on the results for the fourth quarter and full year ended March 31, 2020' for comparable financial results excluding impact of IND AS 116.

These can be accessed either on stock exchanges' websites or on our website at the following address - <http://www.bharti-infratel.com/cps-portal/web/results.html>

The following table shows a summary of key ratios on a standalone basis and their improvement showcasing the robustness of the business model of the Company.

Parameters	Unit	Full Year Ended	
		Mar'20	Mar'19
Debtors Turnover <sup>1</sup>	Times	10.23	16.64
Current Ratio <sup>2</sup>	Times	1.28	2.42
Debt Equity Ratio <sup>3</sup>	Times	0.17	0.00
Operating Profit Margin (%)	%	53.7%	46.4%
Net Profit Margin (%) <sup>4</sup>	%	25.9%	24.2%
Interest Coverage Ratio <sup>5</sup>	Times	(977.57)	(8.17)
Inventory Turnover	NA	NA	NA
Average Sharing Factor	Times	1.84	2.06
Closing Sharing Factor	Times	1.80	1.89
Sharing Revenue per Tower p.m	₹	85,493	83,101
Sharing Revenue per Sharing Operator p.m	₹	45,213	39,581
Return on Shareholder's Equity Pre Tax <sup>6</sup>	%	28.26%	23.84%
Return on Shareholder's Equity Post tax <sup>7</sup>	%	20.46%	15.52%

<sup>1</sup> Debtors Turnover Ratio decreased year on year, due to increase in trade receivables as on March 31, 2020.

<sup>2</sup> Current Ratio decreased year on year, due to higher short term borrowings and lower short-term investments

<sup>3</sup> Debt Equity Ratio increased year on year, due to increase in borrowings in the current year. Debt Equity Ratio is calculated basis excluding lease liabilities.

<sup>4</sup> Net Profit Margin (%) for year ended March'19 is calculated excluding dividend received from Indus.

<sup>5</sup> Interest Coverage Ratio is decreased year on year, however the Company is well positioned as it has net finance income during the year.

<sup>7</sup> ROE Pre Tax increased year on year, due to decrease in shareholders' funds.

<sup>8</sup> ROE Post Tax increased year on year, due to decrease in shareholders' funds.

## Risks & Concerns

The following section discusses the various aspects of enterprise-wide risk management. Readers are cautioned that the risk related information outlined here is not exhaustive and is for information purpose only.

Bharti Infratel believes that risk management and internal control are fundamental to effective corporate governance and development of a sustainable business. Bharti Infratel has a robust process to identify key risks across its operations and prioritize relevant action plans that can mitigate these risks. Key risks that may impact the Company's business include:

### General Economic Conditions in India

A significant change in the government's policies, other global and domestic macro factors, could affect business and economic conditions in India and could also adversely affect our financial condition and results of operations.

### Emerging risks due to unforeseen disruptions

2019-20 saw a major global event in the form of Covid-19 outbreak, which is affecting global economies, companies financially and operationally apart from affecting the human capital in an unprecedented manner. Such unforeseen disruptions can disrupt supply chains, productivity, etc. and risk overall financial health and capital of the Company.

### Changes in Regulatory Environment

Despite huge improvements, the regulatory environment in India continues to be challenging. Regulatory developments will have significant implications on the future of telephony as well as India's global competitiveness. Any adverse regulatory changes, changes in taxation and policies may affect the profitability outlook of the Company.

## Natural Disasters Damaging Telecom Networks

The Company's telecom networks are subject to risks from natural disasters or other external factors. The Company maintains insurance for its assets, equal to the replacement value of its existing telecommunications network, which provides cover for damage caused by fire, special perils and terrorist attacks. Such failures and natural disasters even when covered by insurance may cause disruption, though temporary, to the Company's operations. The Company has been investing significantly in business continuity plans and disaster recovery initiatives which will enable it to continue with normal operations and offer seamless service to our customers under most circumstances.

## Technological Changes Affecting the Tower Demand

The potential future demand for towers could be affected by technological changes and advancements. There have been some trials in the past of new technologies which can provide wireless broadband access by placing balloons or low orbit satellites in the air thus bypassing the need for towers.

None of these solutions have been commercially/technically deployed yet and the cost is also unclear. We don't foresee any risk in near future and the Company keeps assessing all the new technology advancements in the sector for better understanding and preparedness.

## Internal Control Systems

The Chief Executive Officer (CEO) and Chief Financial Officer (CFO) are accountable for financial controls, measured by objective metrics on accounting hygiene and audit scores. The Company has deployed a robust system of internal controls that facilitates the accurate and timely compilation of financial statements and management reports, ensures regulatory and statutory compliance, and safeguards investor interest by ensuring the highest level of governance and periodic communication with investors. The Audit & Risk Management Committee reviews the effectiveness of the internal control system across the Company and also invites the senior management / functional heads to provide an update on their functions from time to time. A CEO and CFO Certificate signed by the Managing Director & CEO and in absence of Chief Financial Officer, by Head – Business Planning and Analysis, representing finance department, included in the Corporate Governance Report confirms the existence of effective internal control systems and procedures in the Company. The Company's Internal Assurance Group also conducts periodic assurance reviews to assess the

adequacy of internal control systems and reports to the Audit & Risk Management Committee of the Board.

The Company has enhanced its internal control systems across all circle operations by significantly improving the quality and frequency of various reconciliations, enhancing the scope and coverage of revenue assurance checks, segregation of duties, rolling out of self-validation checks, regular physical verification, systems audits, desktop reviews as well as continuous training and education. Bharti Infratel is certified by British Standards Institution (BSI) on Information Security (ISO 27001) and Business Continuity (ISO 22301) Management Systems. During the year, we also secured ISO 9001 certification in a record time. This is a testimony of the great controls and documentation which we have imbibed in our day-to-day working and culture. With regular trainings and awareness sessions, all Infratel employees have been certified in the same. We are extremely protective of our customers' privacy and take reasonable measures to ensure the security of personal data that we collect, store, process or disseminate. Successful ISO certification reiterates our commitment towards providing our customers with a secure and trustworthy service. This is ensured through agreements and contracts which involve accessing, processing, communicating or managing the partner's information.

In summary, the healthy balance between empowerment and accountability at every operating level fosters a culture of responsible growth and well-judged risk taking.

## Human Resources

At Bharti Infratel, we believe that our people are key to the success of our business. While we boast of having telecom industry's best talent in the company, our aim is to sustain our fervor as an employer of choice for prospective employees and provide an enriching career to our internal customers.

For a young organization like Bharti Infratel, which operates in the B2B space, defining and percolating an organization wide culture and becoming an employer of choice are two important and interrelated aspects. During our journey, we have realized that the first step for creating an employer brand is to define and articulate the culture which proves to be a differentiating factor for external and internal employees. As part of the process, in FY 18-19 we conducted a study not only to define and articulate the culture, but also to create a transformation roadmap for enabling change and aligning our systems and processes to the organization and leadership expectation. This year we have continued our focus on the key drivers of organization culture.

Promoting Diversity & Inclusion within the organization has become an intrinsic part of our organization culture. Over a period of time we have been successful in creating an environment where diversity talent pool is being utilized not only for office based roles but also in field roles. Currently our diversity figure is 10.4%, out of which 21.5% are assigned to field roles. While diversity here includes both gender and physically challenged, increasing and encouraging women talent continues to be our main focus. Continuing our efforts towards ensuring conducive environment to women employees, this year we introduced 'No-Excuses' an online module on Prevention of Sexual Harassment at Workplace (POSH) and have made it a part of compulsory training module for all our employees. Another effort in the same direction was 'Be Bold for Change' campaign as part of International Women's Day celebration in 2019.

As part of our commitment to our employees and society at large, workplace safety has become an ingrained feature in the decision making part of the organization. Organization has an effective Safety Policy in place that strives for zero fatality and prevents all workplace injuries. In order to ensure safe work practices, Cardinal Safety Rules and Consequence Management Matrix have already been framed, implemented and regularly circulated. Monthly safety meetings are held at our circles by the Circle Safety Committee to reiterate & refresh safety guidelines, review safety checklist, discuss safety incidents & near misses, and share with employees

the learnings from any incident. Every new employee is required to undergo mandatory safety training and existing employees have to undergo annual refresher training.

Connecting and engaging with nearly 1,248 employees and 4,466 off-roll manpower who are spread across our 11 circles, 75 zones and 391 clusters has become possible through our Last Mile Connect (LMC) program. It has proven to be a critical and deciding factor in keeping morale of the employees high while ensuring they are engaged. As part of the program different Connect forums & Open House sessions were organized across circles.

Continuous learning is a critical step in building organization culture and be future ready. It is important for employees to take charge of their own learning needs and development. To enable the same, Infratel initiated its partnership with Lynda - LinkedIn Learning last year and continued it this year as well. Through such digital learning platform employees are able to access world class content on the go. Traditional learning methods including class room intervention as part of organization's efforts to improve efficiency and effectiveness of employees also continued during the year. 100% of the employees who were nominated for developmental interventions were able to complete at least one of the identified program. As part of our commitment towards holistic development, employees are continuously being encouraged to go for external certifications and MDP programs from elite educational institutions.



# Report on Corporate Governance

In accordance with the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations') and some of the best practices followed internationally on Corporate Governance, the following report on governance lays down the ethos of Bharti Infratel Limited ('the Company') and its commitment to conduct business in accordance with sound Corporate Governance practices.

## Governance Philosophy

Pursuant to Regulation 34 of the Listing Regulations and Companies Act, 2013 ('Act'), the report contains the details of Corporate Governance system and process at the Company. We believe in adopting the well accepted Corporate Governance practices, benchmark the same to the best governed companies and strive to improve them continuously.

Our Corporate Governance is a reflection of our value system encompassing our culture, policies and relationships with our stakeholders. Integrity and transparency are key to our Corporate Governance practices and performance and we ensure that we gain and retain the trust of stakeholders at all times. Our guiding principles and practices are summarized in this Corporate Governance Report. These are articulated through the Company's Code of Conduct, charters of various committees of the Board and Company's disclosure policies. These policies seek to focus on enhancement of long term shareholder value without compromising on Ethical Standards and Corporate Social Responsibilities.

The Board of Directors of the Company ('Board') is at the core of our Corporate Governance practice and oversees how the management serves and protects the long term interests of our stakeholders. Our Corporate Governance framework ensures that the Company makes timely disclosures and share accurate information regarding our financials, performance and other material events.

Our Corporate Governance philosophy and practices are based on the following principles:

- Well-experienced and diverse Board of Directors;
- Adoption of transparent procedures and practices and arriving at decision on the strength of adequate information;
- Ensuring compliance with regulatory and fiduciary requirements in letter and spirit;
- High level of disclosures for dissemination of corporate, financial and operational information to all its stakeholders;
- Adoption of policy on terms and conditions of appointment of Independent Directors and a code of conduct for Directors and senior management;
- Formation of various committees like Audit & Risk Management Committee; HR, Nomination and Remuneration Committee;

Stakeholders' Relationship Committee; Corporate Social Responsibility Committee and Committee of Directors to oversee specific areas and focus on diverse matters;

- Ensuring complete and timely disclosure of relevant operational information to enable the Board to play an effective role in guiding strategy;
- Meeting of Independent Directors without the presence of any Non-Independent Director or representative of Management to identify areas where they need more clarity or information and then put them before the Board;
- Annual evaluation of the directors, committees of the Board and Board as a whole on basis of various parameters;
- Reviewing regularly and establishing effective meeting practices that encourage active participation and contribution from all Board members;
- Independence of Directors in reviewing and approving corporate strategy, major business plans and activities;
- Well defined corporate structure that establishes checks and balances and delegates decision making to appropriate levels in the organization, though the Board remains in effective control of the affairs of the Company at all times.

## Governance Structure

The Corporate Governance structure of our Company is multi-tiered, comprising governing/functional business management boards at various levels, each of which is interlinked in the following manner:

- a) Strategic supervision and direction – by the Board of Directors, who exercise independent judgment in overseeing management's performance on behalf of the shareowners and other stakeholders and hence, play a vital role in the oversight and management of the Company;
- b) Control and implementation – by the Infratel Executive Committee, chaired by the Managing Director & Chief Executive Officer. This team owns and drives company-wide processes, systems and policies and meets on a monthly basis to review execution of business strategy and ensures that operational synergies are achieved. This team also functions as a role model for leadership development and as a catalyst for imbuing customer centricity and meritocracy in the culture of the Company;
- c) Operations management – by the Circle Executive Committee, headed by the Circle Business Head, for day-to-day management and decision making, focused on enhancing the efficiency and effectiveness of the circle business indicators; and

- d) Risk Steering Committee – which monitors the effectiveness of the risk management policy and reviews the progress on the risk mitigation steps being taken by the Company.

Our governance structure helps in clearly determining the responsibilities and entrusted powers of each of the business functions, thus enabling the delegates to execute those responsibilities in the most effective manner. It also allows us to maintain our focus on the organizational DNA and current & future business strategy, besides enabling effective delegation of authority and empowerment at all levels.

### Rating

As on March 31, 2020, the Company was assigned ICRA AA+(Negative) issuer rating by ICRA Limited.

During the year, Commercial Paper ratings were maintained at the highest end of the rating scale at [CRISIL] A1+ / [ICRA] A1+. However, no Commercial Paper were issued during the year.

### Board of Directors

#### Board Diversity and Structure

The Company recognizes and embraces the importance of a diverse board in its success. The Company believes that a truly diverse board will leverage differences in thought, perspective, knowledge, skill, industry experience, cultural and geographical background which will help us retain our competitive advantage. The Board has adopted a Policy which sets out the approach to diversity of the Board of Directors.

The Company has a broad-based Board of Directors, constituted in compliance with the Act, Listing Regulations and in accordance with the best practices in Corporate Governance. The Board functions either as a full Board or through various committees constituted to oversee specific areas. Policy formulation, setting up of goals, evaluation of performance and control functions vest with the Board.

#### Composition of the Board

The Board, along with its committees, provides leadership and guidance to the Company's management and directs, supervises and controls the performance of the Company. The Company's Board is an optimum mix of Executive, Non-Executive and Independent Directors to maintain the independence of the Board and separate its functions of governance and management. As on March 31, 2020, the Board comprises 10 members with an Executive Chairman, a Managing Director & Chief Executive

Officer, besides 2 Non-Executive Non-Independent Directors and 6 Non-Executive Independent Directors, of which two are women directors.

Detailed profile of each of the Directors is available on the website of the Company at [www.bharti-infratel.com](http://www.bharti-infratel.com).

The Board reviews its strength and composition from time to time to ensure that it remains aligned with the statutory as well as business requirements.

#### Skill Matrix of the Board

In terms of the requirement of Listing Regulations, the Board has identified the following skills/ expertise/ competencies fundamental for effective functioning of the Company:

Area	Particulars
Strategic Leadership Skills	Appreciation of long-term trends, understanding diverse business environment, regulatory framework, economic and political conditions, strategic choices and experience in guiding and leading management teams
Financial and Risk Management	Wide-ranging financial skills, accounting and reporting, treasury operations, corporate finance and internal controls, including assessing quality of financial control  Identification of key risks to the Company and monitoring the effectiveness of the risk management framework and practices
Governance	Developing governance practices, serving the best interest of all stakeholders, maintaining board and management accountability, effective stakeholder engagements and commitment to highest standards of corporate ethics and values
HR, Health, safety, environment and sustainability	Know-how of working on talent management and development, environment, health, safety, sustainability and corporate social responsibility activities directly or as a part of operational responsibility for long-term value creation
Industry and or knowledge	Knowledge and experience in telecom sector to provide strategic guidance to the management
Technology and digital expertise	Background in technology, anticipation of technological trends, suggestions and creation of new business ideas

Based on the above mentioned skill matrix, the specific areas of focus of individual Board member have been highlighted. However, absence of mark against a members' name does not necessarily mean that the member does not possess the corresponding skill.

Name of the Director	Strategic Leadership Skills	Financial and Risk Management	Governance	HR, Health, safety, environment and sustainability	Industry and sector experience or knowledge	Technology and digital expertise
Mr. Akhil Gupta	√	√	√	√	√	√
Ms. Anita Kapur	√	√	√	√		
Mr. Bharat Sumant Raut	√	√	√			
Mr. D S Rawat	√	√	√	√	√	√
Mr. Jitender Balakrishnan	√	√	√			
Ms. Leena Srivastava	√		√	√		
Mr. N Kumar	√	√	√	√	√	√
Mr. Rajan Bharti Mittal	√	√	√	√	√	√
Mr. Rajinder Pal Singh	√	√	√			
Mr. Tao Yih Arthur Lang	√	√	√	√	√	√

### Independent Directors

The Company has laid down the terms and conditions of the appointment of Independent Directors stipulating their roles, responsibilities and duties which is consistent with the provisions of the Listing Regulations, Section 149 and Schedule IV of the Act. The said terms and conditions set out the criteria of independence, age limits, recommended tenure, committee memberships, remuneration, duties and other related terms of appointment. It emphasises the importance of independence.

The Company has issued letter of appointment to all the Independent Directors and terms and conditions of their appointment have been disclosed on the website of the Company i.e. [www.bharti-infratel.com](http://www.bharti-infratel.com).

At the time of appointment and thereafter at the beginning of each financial year, the Independent Directors submit a self-declaration, confirming their independence and compliance with various eligibility criteria laid down by the Company, among other disclosures and the Company also ensures that its Directors meet the above eligibility criteria. All such declarations are placed before the Board for information.

All the Independent Directors of the Company fulfil the conditions specified in the Listing Regulations and the Act and are independent of the management.

### Lead Independent Director

The Company, since a long time, has followed the practice of appointing a Lead Independent Director. Mr. Narayanan Kumar

has been designated as the Lead Independent Director and his roles and responsibilities, inter alia, are to:

- Preside over all the meetings of Independent Directors;
- Ensure that there is adequate and timely flow of information between the management and the Board;
- Provide objective feedback of the Independent Directors as a group to the Board on various matters including agenda and other matters relating to the Company;
- Perform such other roles as may be requested from time to time by the Board/ Independent Directors.

### Meetings of Independent Directors

The Independent Directors meet separately at least once in a quarter, prior to the commencement of Board meeting, without the presence of Non-Independent Directors or representatives of the management. They meet to discuss and form an independent opinion on the agenda items and various other Board-related matters, identify areas where they need clarity or information from the Management, annually review the performance of Non-Independent Directors, the Board as a whole and the Chairman of the Company, taking into account the views of Executive Directors and Non- Executive Directors and assess the quality, quantity and timeliness of flow of information between the Management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

The Independent Directors also meet with the Statutory as well as Internal Auditors from time to time, in the aforesaid meeting, to discuss internal audit effectiveness, control environment and invite their general feedback. The Lead Independent Director updates the Board about the outcome of the meetings and action, if any, required to be taken by the Company.

During the financial year 2019-2020, the Independent Directors met four times i.e. on April 24, 2019; July 24, 2019; October 21, 2019 and January 30, 2020.

### **Familiarization Programme for Board Members**

The Company has adopted a structured induction programme for orientation and training of Directors at the time of their joining so as to provide them with an opportunity to familiarize themselves with the Company, its management, its operations and the industry in which the Company operates.

The induction programme includes one-to-one interactive sessions with the top management team, business and functional heads among others and also includes site visits to understand the operations and technology. Apart from the induction program, the Company periodically presents update at the Board/Committee meetings to familiarize the Directors with Company's strategy, business performance, operations, finance, risk management framework, human resources and other related matters.

At the time of appointment, an appointment letter setting out their role, functions, duties and responsibilities, details regarding remuneration, training and development, performance evaluation process etc. is also given to the Directors. The Board also has an active communication channel with executive management which allows free flow of communication among Directors in terms of raising query, seeking clarifications for enabling a good understanding of the Company and its various operations.

Business updates on relevant changes are regularly circulated to the Directors to keep them abreast on significant developments in the Company.

The details of such familiarization programs are disclosed on the website of the Company at [https://www.bharti-infratel.com/cps-portal/web/corporate\\_gov.html#4](https://www.bharti-infratel.com/cps-portal/web/corporate_gov.html#4).

### **Board Meeting Schedules and Agenda**

The Board meetings are held within 45 days from the end of the quarter in the manner that it coincides with the announcement of quarterly results. Time gap between two consecutive meetings

does not exceed 120 days. In case of an urgent necessity, additional Board meeting is called.

The Audit & Risk Management Committee, Corporate Social Responsibility Committee, HR, Nomination and Remuneration Committee and Stakeholders' Relationship Committee meetings are held on the same dates as Board meetings. To ensure an immediate update to the Board, the Chairman of the respective Committee briefs the Board about the proceedings of the respective Committee meetings.

The Company Secretary, in consultation with the Chairman, prepares Board and Committee meetings' agendas. The detailed agenda along with explanatory notes and annexures, as applicable, are sent to the Board and Committee members at least a week before the meeting except for meetings called at a shorter notice. In special and exceptional circumstances, additional or supplementary item(s) are permitted to be taken up as 'any other item' with the permission of the Chairman and consent of majority of Board members/ Committee members. Sensitive subject matters are discussed at the meeting without written material being circulated in advance.

As a process, prior to each Board / Committee meeting, proposals are invited from all the Directors for discussion / deliberation at the meeting(s) and these are included in the agenda of the meeting.

CFO and other Senior Management members are invited to the Board meetings to present reports on the items being discussed at the meeting. In addition, the functional heads of various business segments / functions are also invited at regular intervals to present updates on their core area.

### **Information available to the Board**

The Board has complete access to all the relevant information within the Company and to all the employees of the Company. The information shared on a regular basis with the Board specifically includes:

- Annual operating plans, capital budgets and updates therein;
- Quarterly and annual consolidated and standalone results & financial statements of the Company;
- Minutes of meetings of the Board and Board Committees, resolutions passed by circulation and Board minutes of the unlisted subsidiary company;
- Information on recruitment or remuneration of senior officers just below Board level;

- Materially important show cause, demand, prosecution notices and penalty notices, if any;
- Fatal or serious accidents, dangerous occurrences, material effluent or pollution problems, if any;
- Any material default in financial obligations to and by the Company or substantial non-payment for services provided by the Company;
- Any issue which involves possible public or product liability claims of substantial nature, if any;
- Details of any joint venture or collaboration agreement;
- Transactions that involve substantial payment towards goodwill, brand equity or intellectual property;
- Significant labour problems and their proposed solutions. Any significant development in Human Resources/ Industrial Relations front like signing of wage agreement, implementation of Voluntary Retirement Scheme etc;
- Sale of investments, subsidiaries, assets which are material in nature and not in normal course of business;
- Human resource updates and strategies;
- Quarterly treasury reports;
- Quarterly compliance certificates w.r.t. various applicable laws with the 'Exceptions Reports', if any, which includes non-

compliance of any regulatory or statutory nature or listing requirements and shareholders service;

- Disclosures and declaration received from Directors;
- Proposals requiring strategic guidance and approval of the Board;
- Related party transactions;
- Regular business updates;
- Update on Corporate Social Responsibility activities;
- Report on action taken on last Board meeting decisions.
- Quarterly details of foreign exchange exposures and the steps taken by management to limit the risks of adverse exchange rate movement, if material;
- Non-compliance of any regulatory, statutory or listing requirements and shareholders service such as non-payment of dividend, delay in share transfer etc.

#### Number of Board Meetings

During the financial year 2019-2020, the Board met 9 times i.e. on April 24, 2019; July 24, 2019; August 12, 2019; October 21, 2019; October 24, 2019; December 10, 2019; January 30, 2020; February 24, 2020 and March 30, 2020. The Board approved 1 matter through resolution by circulation during the financial year 2019-2020 and the text of the resolution approved was presented in the next meeting for noting.

Requisite information, according to the requirements of Regulation 17 of the Listing Regulations is provided below:

Name of Director (DIN)	Category	Number of other directorships <sup>1</sup>	Name of listed entity where person is director along with category of directorship <sup>1</sup>	Number of committee memberships and chairmanships <sup>2</sup>		No. of Meetings held during his tenure and attended		Whether attended last AGM
				Chairman	Member	Held	Attended	
Mr. Akhil Gupta (DIN-00028728)	Chairman-Executive Director	10	-	Nil	1	9	9 <sup>#</sup>	Yes
Ms. Anita Kapur (DIN-07902012)	Independent Director	2	-	Nil	2	9	9	Yes
Mr. Bharat Sumant Raut (DIN-00066080)	Independent Director	6	-	2	Nil	9	9	Yes
Mr. D S Rawat (DIN-06798626)	Managing Director & CEO	1	-	Nil	Nil	9	9	Yes



Name of Director (DIN)	Category	Number of other directorships <sup>1</sup>	Name of listed entity where person is director along with category of directorship <sup>1</sup>	Number of committee memberships and chairmanships <sup>2</sup>		No. of Meetings held during his tenure and attended		Whether attended last AGM
				Chairman	Member	Held	Attended	
Mr. Jitender Balakrishnan (DIN-00028320)	Independent Director	9	1) India Glycols Limited – Independent Director 2) Polyplex Corporation Limited – Independent Director 3) Sarda Energy and Minerals Limited – Independent Director 4) CG Power and Industrial Solutions Limited - Independent Director	2	4	9	9	No
Dr. Leena Srivastava (DIN-00005737)	Independent Director	Nil	-	Nil	Nil	9	7 <sup>s</sup>	Yes
Mr. N Kumar (DIN-00007848)	Independent Director	11	1) Take Solutions Limited – Independent Director 2) Entertainment Network (India) Limited – Independent Director 3) Larsen and Toubro Limited - Independent Director 4) L&T Technology Services Limited - Independent Director 5) Mphasis Limited - Independent Director	4	2	9	9	No <sup>3</sup>
Mr. Prakul Kaushiva <sup>4</sup> (DIN-08285582)	Non-Executive Director	NA	NA	NA	NA	6	5	No
Mr. Rajan Bharti Mittal (DIN-00028016)	Non-Executive Director	15	-	2	Nil	9	9	Yes
Mr. R P Singh (DIN-02943155)	Independent Director	4	1) Maruti Suzuki India Limited – Independent Director 2) Nirlon Limited – Independent Director	Nil	4	9	7	Yes
Mr. Tao Yih Arthur Lang (DIN-07798156)	Non-Executive Director	1	-	Nil	2	9	8 <sup>a</sup>	No

- The Directorships, held by Directors, as mentioned above, do not include the Directorships held in foreign companies / body corporates and Bharti Infratel Limited. Also, for the purpose of counting the total number of directorship in listed entities, those entities are considered whose equity shares are listed on a stock exchange.
- Committees considered for the purpose are those prescribed under the Listing Regulations viz. Audit Committee and Stakeholders' Relationship Committee of Indian public limited companies other than Bharti Infratel Limited. Committee memberships details provided do not include chairmanship of committees as it has been provided separately. Also, for the purpose of counting the total number of Chairmanship in listed entities, those entities are considered whose designated securities (as per the definition provided in Listing Regulations) are listed on a stock exchange.
- Dr. Leena Srivastava, member of HR, Nomination and Remuneration Committee represented Mr. N Kumar, Chairman of HR, Nomination and Remuneration Committee at the AGM.
- Mr. Prakul Kaushiva resigned w.e.f December 30, 2019.

<sup>a</sup> This includes one meeting attended through audio conferencing and hence, was not counted for the purpose of quorum.

<sup>s</sup> This includes two meetings attended through audio conferencing and hence, were not counted for the purpose of quorum.

<sup>a</sup> Ms. Tan Yong Choo attended the Board meetings held on October 21, 2019, December 10, 2019 and January 30, 2020 as an Alternate Director to Mr. Tao Yih Arthur Lang.

#### Notes:

- There are no inter-se relationships between our Board members.
- As on March 31, 2020, Mr. Akhil Gupta, Chairman and Mr. D S Rawat, Managing Director & CEO hold 712,217 and 108,747 equity shares respectively. No other Director of the Company holds shares in the Company.

## Remuneration of Directors

The details of the remuneration of Directors during the financial year 2019-2020 is given below:

(Amount in ₹)

Name of the Director	Salary and Allowances <sup>1</sup>	Performance Linked Incentive	Perquisites <sup>2</sup>	Commission <sup>3</sup>	Total
<b>Executive Directors</b>					
Mr. Akhil Kumar Gupta	69,035,184	19,800,000	39,600	-	88,874,784
Mr. D S Rawat	23,817,370	13,911,791	-	-	37,729,161
<b>Non-Executive Directors</b>					
Ms. Anita Kapur	-	-	-	1,500,000	1,500,000
Mr. Bharat Sumant Raut	-	-	-	2,000,000	2,000,000
Mr. Jitender Balakrishnan	-	-	-	1,500,000	1,500,000
Dr. Leena Srivastava	-	-	-	750,000	750,000
Mr. N Kumar	-	-	-	1,500,000	1,500,000
Mr. Prakul Kaushiva	-	-	-	375,000	375,000
Mr. Rajan Bharti Mittal	-	-	-	750,000	750,000
Mr. Rajinder Pal Singh	-	-	-	1,500,000	1,500,000
Mr. Tao Yih Arthur Lang	-	-	-	750,000	750,000
<b>Total</b>	<b>92,852,554</b>	<b>33,711,791</b>	<b>39,600</b>	<b>10,625,000</b>	<b>137,228,945</b>

1. The salary and allowance includes the Company's contribution to the Provident Fund.
2. This does not include perquisite value as mentioned in Annexure K annexed with the Board's Report with respect to exercise of stock options granted to Mr. D S Rawat.
3. Provision for profit based commission for FY 2019-20.

### Notes:

- The value of the perquisites is calculated as per the provisions of the Income Tax Act, 1961.
- No Director of the Company has been granted any stock option during the year.
- The appointment of Executive Directors are by virtue of their employment / contract of service with the Company and therefore, their terms of employment vis-à-vis salary, variable pay, service contract, notice period and severance fee, if any, are governed by the applicable policies at the relevant point in time.
- Performance Linked Incentive (PLI) is based on the actual payout made during the year.
- There were no other pecuniary relationships or transactions of Non-Executive Directors vis-a-vis the Company.
- During FY 2019-20, the Company did not pay any sitting fees to the Directors.
- The Company has entered into contracts with the executive directors i.e. Mr. Akhil Gupta dated July 24, 2018 and with Mr. D S Rawat dated July 22, 2017. These are based on the approval of the shareholders. There are no other contracts with any other director.

## Nomination, Remuneration & Board Diversity

In terms of the Listing Regulations and the Act, the Board has approved a Policy on Nomination, Remuneration and Board Diversity for Directors, KMPs and other Senior Management Personnel.

The Company's remuneration policy is directed towards providing rewards linked directly to performance, effort, dedication and achievement of Company's targets.

The criteria of making payments to Non-Executive Directors forms part of the Policy on Nomination, Remuneration and Board Diversity. The detailed Nomination, Remuneration and Board Diversity Policy is annexed as [Annexure B](#) to the Board's Report. The Company affirms that the remuneration paid to the Directors is as per terms laid out in the Nomination, Remuneration and Board Diversity Policy of the Company.

## Board Committees

In compliance with the statutory requirements, the Board has constituted various committees with specific terms of reference and scope. The objective is to focus effectively on the issues and ensure expedient resolution of the diverse matters. The Committees operate as the Board's empowered agents according to their charter / terms of reference. The Constitution and charter of the Board Committees are available on the Company's website [www.bharti-infratel.com](http://www.bharti-infratel.com) and are also stated herein.

## Audit & Risk Management Committee

As on March 31, 2020, Audit & Risk Management Committee comprises 4 Directors, all being the Independent Directors. The Chairman of the Audit & Risk Management Committee, Mr. Bharat Sumant Raut, Independent Director, has sound financial knowledge as well as many years of experience in general management. All members of Audit & Risk Management Committee, including the Chairman, have accounting and financial management expertise. The composition of the Audit & Risk Management Committee meets the requirements of Section 177 of the Act and the Listing Regulations.

The Company Secretary of the Company acts as the secretary to the Committee. The Chairman of the Board, Managing Director & CEO, Chief Financial Officer, the Statutory Auditor, the Internal Auditor and the Internal Assurance Partners are permanent invitees of Audit & Risk Management Committee.

The Chairman of the Audit & Risk Management Committee was present at the last Annual General Meeting held on July 23, 2019.

### Key Responsibilities of the Audit & Risk Management Committee, inter-alia, includes:

#### Audit Related:

- Oversee the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible;
- Recommend to the Board in respect of the appointment (including the filling of a casual vacancy), resignation or dismissal, remuneration and terms of auditors;
- Approve limits in respect of non-audit services provided by the statutory auditor; also approve the payment to statutory auditors for any other services rendered by them;
- Discuss with the statutory auditor, before the audit commences, the nature and scope of the audit to be conducted; also conduct post-audit discussion to ascertain any areas of concern;
- Review with the management, the annual financial statements and auditor's report thereon before submission to the Board for approval, with particular reference to:
  - (i) Matters required to be included in the Directors' responsibility statement, included in the Board's report in terms of clause (c) of sub-section 3 of section 134 of the Companies Act, 2013;
  - (ii) Changes, if any, in accounting policies and practices and reasons for the same;
  - (iii) Major accounting entries involving estimates based on the exercise of judgement by management;
  - (iv) Significant adjustments made in the financial statements arising out of audit findings;
  - (v) Compliance with listing and other legal requirements relating to financial statements;
  - (vi) Disclosure of all related party transactions;
  - (vii) Modified opinion(s) in the draft audit report;
  - (viii) Quarterly compliance certificates confirming compliance with laws and regulations, including any exceptions to these compliances;
  - (ix) The financial statements, in particular the investments, if any, made by unlisted subsidiary companies.
- Mandatorily review the following information:
  - (i) Management discussion and analysis of financial condition and results of operations;
  - (ii) Statement of significant related party transactions with specific details of the transactions, which are not in the normal course of business or the transactions which are not at arms' length price;
  - (iii) Management letter/letters of internal control weaknesses issued by the statutory auditors;
  - (iv) Internal audit reports relating to internal control weaknesses;

- (v) The appointment, removal and terms of remuneration of the chief internal auditor;
- (vi) Statement of deviations:
- Quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to the stock exchange(s) in terms of Regulation 32(1);
- Annual statement of funds utilized for purposes other than those stated in the offer document/ prospectus/ notice in terms of Regulation 32(7)
- Reviewing, with the management, the quarterly financial statements before submission to the board for approval;
  - Review the implementation of Company's financial and risk management policies, and implementation of treasury policies & strategies and status of investor relation activities;
  - Review the functioning of the Vigil / Whistle Blower mechanism;
  - Review the reasons for substantial defaults, if any, in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors, if any;
  - Approve the appointment, re-appointment and removal of Chief Financial Officer of the Company after assessing the qualifications, experience and background, etc. of the candidate;
  - Review the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
  - Review with the management the performance of statutory and internal auditors, adequacy of internal control systems;
  - Discuss with the internal auditor any significant findings and follow up there on and the coverage and frequency of internal audits as per the annual audit plan;
  - Review & monitor the auditor's independence, performance & effectiveness of audit process;
  - Review the findings of any internal investigation by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and report the matter to the Board;
  - Scrutiny of inter-corporate loan & investments;
  - Monitoring & Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, right issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/ prospectus/ notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or right issue, and making appropriate recommendations to the Board to take up steps in this matter;
  - Valuation of undertakings or assets of the company, wherever it is necessary;
  - Appointment of registered valuers;
  - Evaluation of internal financial controls and risk management systems;
  - Approval or any subsequent modification of transactions of the Company with related parties;
  - Reviewing the utilization of loans and/ or advances from/ investment by the holding company in the subsidiary exceeding rupees 100 crore or 10% of the asset size of the subsidiary, whichever is lower;
  - Consider other functions, as defined by the Board, or as may be stipulated under any law, rule or regulation including the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Companies Act, 2013.
- Risk Management Related**
- Formulate and review risk management policy;
  - Implement, monitor and review the risk management framework, the risk management plan and related matters;
  - Take adequate steps for ensuring cyber security;
  - Delegate above said authorities to sub-committees, whenever required.
- Powers of the Audit & Risk Management Committee:**
- To investigate any activity within its terms of reference;
  - To seek information from any employee;
  - To obtain outside legal or other professional advice;
  - To secure attendance of outsiders with relevant expertise, if it considers necessary.

### Meeting, Attendance and Composition of the Audit & Risk Management Committee

During the financial year 2019-2020, the Audit & Risk Management Committee met 4 times i.e. on April 24, 2019; July 24, 2019; October 21, 2019 and January 30, 2020. The time gap between two meetings was less than 120 days.

All recommendations made by the Audit & Risk Management Committee were accepted by the Board.

The Committee approved 3 matters through resolution by circulation during the financial year 2019-2020 and the text of the resolutions approved were presented in the next meeting for noting.

The composition of the Committee as on March 31, 2020 and the attendance of members at the meetings held during the financial year 2019-2020 are given below:

Name of Members	Category	No. of Meetings held during his/her tenure and attended	
		Held	Attended
Mr. Bharat Sumant Raut – Chairman	Independent Director	4	4
Ms. Anita Kapur	Independent Director	4	4
Mr. Jitender Balakrishnan	Independent Director	4	4
Mr. Rajinder Pal Singh	Independent Director	4	4
Mr. Prakul Kaushiva <sup>1</sup>	Non-Executive Director	3	2

<sup>1</sup>Mr. Prakul Kaushiva ceased to be the member of the Committee w.e.f December 30, 2019.

### Consolidated fees paid to statutory auditor

Total fees for all services paid by the Company and its subsidiaries, on a consolidated basis, to the statutory auditors and all entities in the network firm/network entity for the financial year 2019-2020 of which it is a part -

	(in ₹)
Fees paid by Bharti Infratel Limited	8,544,375
Fees paid by Smartx Services Limited	430,000
<b>Total Fees paid*</b>	<b>8,974,375</b>

\*Total fees paid to statutory auditors includes the fees paid/payable for all the services by the Company and its subsidiary for FY 2019-20.

### HR, Nomination and Remuneration Committee

As on March 31, 2020, the HR, Nomination and Remuneration Committee comprises 4 Non-Executive Directors, of whom 2 members are Independent Directors. Mr. N Kumar, Independent Director, is the Chairman of the Committee. The composition of the Committee meets the requirements of Section 178 of the Act and the Listing Regulations. The Company Secretary of the Company acts as the secretary of the Committee. The Chief Human Resource Officer is the permanent invitee to the Committee meetings. Other senior management members are also invited to the meeting to present reports relating to the items being discussed at the meeting.

Dr. Leena Srivasatva, member of the Committee attended the last Annual General Meeting held on July 23, 2019 on behalf of Mr. N Kumar, Chairman of the Committee.

### Key Responsibilities of the HR, Nomination and Remuneration Committee, inter-alia, includes:

#### HR Related:

- Attraction and Retention strategies for employees;
- Formulation and recommendation to the Board, a policy relating to remuneration of directors, key managerial personnel and other employees;
- Determine the compensation (including salaries and salary adjustments, incentives/benefits, bonuses) and Performance targets of the Chairman and of the Managing Directors & CEOs;
- Review employee development strategies;
- Assess the learning and development needs of the directors and recommend learning opportunities which can be used by them to meet their needs for development;
- Review its Terms of Reference on an annual basis and recommend any changes to the Board;
- Review all human resource related issues including succession plan of key personnel;
- Recommend to the Board, all remuneration, in whatever form, payable to senior management;
- Approve the remuneration payable to managerial persons in case of no profit or inadequate profit taking into account

the financial position of the company, trend in the industry, appointee's qualification, experience, past performance, past remuneration while bringing objectivity in determining the remuneration package while striking a balance between the interest of the Company and the shareholders.

#### ESOP Related:

- Formulation of ESOP plans and decide on future grants from time to time;
- Formulation of terms and conditions under the present ESOP Schemes of the Company with respect to:
  - (i) Quantum of options to be granted under ESOP Scheme(s) per employee and in the aggregate under a plan;
  - (ii) Performance conditions attached to any ESOP Plan;
  - (iii) Conditions under which options vested in employees may lapse in case of termination of employment for misconduct;
  - (iv) Exercise period within which the employee should exercise the option and that option would lapse on failure to exercise the option within the exercise period;
  - (v) Specified time period within which the employee must exercise the vested options in the event of termination or resignation of an employee;
  - (vi) Right of an employee to exercise all the options vested in him at one time or at various points of time within the exercise period;
  - (vii) Procedure for making a fair and reasonable adjustment to the number of options and to the exercise price in case of rights issues, bonus issues and other corporate actions;
  - (viii) Grant, vest and exercise of option in case of employees who are on long leave; and the procedure for cashless exercise of options;
  - (ix) Any other matter which may be relevant for administration of ESOP schemes from time to time.
- Frame suitable policies and processes to ensure that there is no violation of Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
- Other key issues as may be referred by the Board.

#### Nomination Related:

- Formulate the criteria / policy for appointment of directors, senior management which shall, inter-alia include qualifications, positive attributes and independence of a director;
- Review and recommend the structure, size and composition (including the skills, knowledge, experience and diversity) of the Board and Board Committees;
- Identify and recommend to the board persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down and their removal thereof;
- Evaluate the balance of skills, knowledge, experience and diversity on the Board for description of the role and capabilities required for particular appointment;
- Review succession planning for Executive and Non-Executive Directors and other senior executives particularly the Chairman, Managing Director and CEO;
- Recommend suitable candidate for the role of Lead Independent Director;
- Recommend the appointment of any director to executive or other employment/place of profit in the Company;
- Formulate the criteria for evaluation of performance of independent directors and Board of Directors;
- Devise policy on diversity of Board of Directors;
- Decide whether to extend or continue the term of appointment of independent director, on the basis of the report of performance evaluation of independent directors;
- Conduct an annual evaluation of overall effectiveness of the Board, the committees of the Board and the performance of each director.

The HR, Nomination and Remuneration Committee shall also consider any other key issues/ matters as may be referred by the Board or as may be stipulated under any law, rule or regulation including the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Companies Act, 2013.



### Meeting, Attendance and Composition of the HR, Nomination and Remuneration Committee

During the financial year 2019-2020, the HR, Nomination and Remuneration Committee met 4 times i.e. on April 24, 2019; July 24, 2019; October 21, 2019 and January 30, 2020.

The Committee approved 3 matters through resolution by circulation during the financial year 2019-2020. The text of the resolutions so approved were presented in the next meeting for noting.

The composition of the Committee as on March 31, 2020 and the attendance of members at the meetings held during the financial year 2019-2020 are given below:

Name of Members	Category	No. of Meetings held during his/her tenure and attended	
		Held	Attended
Mr. N Kumar – Chairman	Independent Director	4	4
Dr. Leena Srivastava	Independent Director	4	1
Mr. Rajan Bharti Mittal	Non-Executive Director	4	4
Mr. Tao Yih Arthur Lang	Non-Executive Director	4	2

### Board Evaluation

In compliance with the provisions of the Act and the Listing Regulations, HR, Nomination and Remuneration Committee has approved the process, attributes, criteria and format for the performance evaluation of the Board, Board Committees and Individual Directors including the Chairman and Managing Director & CEO.

The process provides that the performance evaluation shall be carried out on an annual basis. For the year, the Directors completed the evaluation process which included evaluation of the Board as a whole, Board Committees and individual Directors including the Chairman and MD & CEO. The evaluation process was facilitated by an independent leading consulting firm.

Performance of the Board and Board Committees was evaluated on various parameters such as structure, composition, quality, diversity, experience, competencies, performance of specific duties and obligations and overall Board effectiveness.

Performance of individual Directors, including the Independent Directors, was evaluated on parameters such as standards of ethics and integrity, participation and contribution, responsibility towards stakeholders and independent judgement.

The Chairman and Managing Director & CEO were evaluated on certain additional parameters such as performance of the Company, leadership, relationships and communications.

Some of the performance indicators based on which the Independent Directors were evaluated include:

- Upholding high standards of ethics and integrity in all dealings with or on behalf of the Company;
- Proactive participation in the discussions at the meetings and engagement in an unbiased and independent manner;
- Bringing external expertise and independent judgement that contributes to the objectivity of the Board's deliberation, particularly on issues of strategy, performance and conflict management.

All Directors participated in the evaluation survey and review was carried out through a peer-evaluation excluding the Director being evaluated. The result of evaluation was discussed in the meetings of Independent Directors, respective Committees and in the Board Meeting held on April 23, 2020. The Board reviewed the performance of the Board, Board committees, individual directors, Chairman, Managing Director & CEO and also reviewed the suggestions / inputs of Independent Directors, HR, Nomination and Remuneration Committee and respective Committee's Chairman. Recommendations arising from this entire process were deliberated upon by the Board to augment its effectiveness and optimize individual strengths of the Directors.

### Stakeholders' Relationship Committee

In compliance with requirements of the Listing Regulations and provisions of Section 178 of the Act, the Company has a Stakeholders' Relationship Committee. As on March 31, 2020, the Committee comprises 4 members of whom 2 are Executive Directors and 2 are Non-Executive Director, one being an Independent Director. Mr. Rajan Bharti Mittal, Non-Executive

Director, is the Chairman of the Committee. The Company Secretary of the Company acts as a secretary to the Committee.

**Key Responsibilities of the Stakeholders' Relationship Committee, inter-alia, includes:**

- Formulation of procedures in line with the statutory guidelines to ensure speedy disposal of various requests received from shareholders from time to time;
- Resolving the grievances of the security holders of the Company including complaints related to transfer/ transmission of shares, non-receipt of annual report, non-receipt of declared dividends, issue of new/ duplicate certificates, general meetings, etc;
- Dematerialize or rematerialize the share certificates;
- Approve the transmission of shares or other securities arising as a result of death of the sole/ anyone joint shareholder;
- Sub-divide, consolidate and/or replace any share or other securities certificate(s) of the Company;
- Issue duplicate share/other security(ies) certificate(s) in lieu of the original share/security(ies) certificate(s) of the Company;
- Approve, register, and refuse to register transfer/ transmission of shares and other securities;
- Further delegate all or any of the power to any other employee(s), officer(s), representative(s), consultant(s), professional(s), or agent(s);
- Oversee & review, all matters connected with the transfer of securities of the Company;
- Oversee the performance of Registrar and Share Transfer Agent of the Company;
- Recommend methods to upgrade the standard of services to the investors;
- Deal with the unclaimed / undelivered shares of the company;
- Review of measures taken for effective exercise of voting rights by shareholders;
- Review of adherence to the service standards adopted by the Company in respect of various services being rendered by the Registrar & Share Transfer Agent;
- Review various measures and initiatives taken by the Company for reducing the quantum of unclaimed dividends and ensuring

timely receipt of dividend warrants/ annual reports/ statutory notices by the shareholders of the Company;

- Do all such acts, deeds and things as may be necessary in this regard.

Apart from the quarterly meetings, the meetings of the Committee are generally held as and when deemed necessary, to review and ensure that all investor requests/ grievances are redressed within a stipulated time period.

**Meeting, Attendance and Composition of the Stakeholders' Relationship Committee**

During the financial year 2019-2020, the Stakeholders' Relationship Committee met 6 times i.e. on April 24, 2019; July 24, 2019; October 21, 2019; December 23, 2019; January 30, 2020 and February 10, 2020.

The composition of the Committee as on March 31, 2020 and the attendance of members at the meetings held during the financial year 2019-2020, are given below:

Name of Members	Category	Number of meetings held during his/her tenure and attended	
		Held	Attended
Mr. Rajan Bharti Mittal – Chairman	Non- Executive Director	6	6
Mr. Akhil Gupta	Executive Director	6	6
Mr. D S Rawat	Executive Director	6	6
Dr. Leena Srivastava <sup>1</sup>	Independent Director	5	1
Ms. Anita Kapur <sup>2</sup>	Independent Director	1	1

<sup>1</sup> Dr. Leena Srivastava was appointed as member of the Committee w.e.f. April 1, 2019. She ceased to be a member of the Committee w.e.f. January 30, 2020.

<sup>2</sup> Ms. Anita Kapur was appointed as member of the Committee w.e.f. January 30, 2020.

**Compliance Officer**

Ms. Samridhi Rodhe acted as the Company Secretary and Compliance Officer of the Company for the financial year 2019-2020 for complying with the requirements of the Listing Regulations and applicable laws.

## Nature of Complaints and Redressal Status

During the financial year 2019-2020, the complaints and queries received by the Company were general in nature, including issues relating to non-receipt of dividend warrants, Annual Reports and others, which were resolved to the satisfaction of the shareholders.

Details of the investor complaints received during the financial year 2019-2020 are as follows:

Type of complaint	Received	Redressed	Pending as on March 31, 2020
Non-receipt of securities	0	0	Nil
Non-receipt of Annual Report	0	0	Nil
Non-receipt of dividend	2	2	Nil
Miscellaneous	0	0	Nil
<b>Total</b>	<b>2</b>	<b>2</b>	<b>Nil</b>

To redress investor grievances, the Company has a dedicated e-mail id, [compliance.officer@bharti-infratel.in](mailto:compliance.officer@bharti-infratel.in) to which investors may send their grievances.

## Committee of Directors

To cater to various day-to-day requirements and to facilitate seamless operations, the Company has formed a functional Committee known as the Committee of Directors. The Committee meets as and when deems necessary to cater to the day-to-day requirements of the Company.

As on March 31, 2020, the Committee comprises 3 members of whom 2 are Executive Directors and 1 Non- Executive Director. Mr. Akhil Gupta, Executive Director, is the Chairman of the Committee. The Company Secretary of the Company acts as a secretary to the Committee.

**Key Responsibilities of the Committee of Directors (within the limit approved by the Board), inter-alia, includes:**

### Investment Related

- To make loans to any Body corporate / entity within the overall limits approved by the Board of Directors;

- To give guarantee(s) in connection with loan made to any Body corporate/entity within the overall limits approved by the Board of Directors;
- To negotiate, finalise, amend, modify, approve and accept the terms and conditions with respect to aforesaid loans and/or Guarantee(s) from time to time;
- To purchase, sell, acquire, subscribe, transfer or otherwise deal in the shares / securities of any company, body corporate or other entities within the limits approved by the Board.

### Treasury Related

- To borrow such sum of money and such other credit facilities as may be required by the Company from time to time provided that the money already borrowed, together with the money to be borrowed by the Company does not exceed the limits provided under the Companies Act, 2013, i.e. upto the paid up capital, securities premium and free reserve of the Company;
- To create security / charge(s) on all or any of the assets of the Company for the purpose of securing credit facility(ies) of the Company;
- To deal in government securities, units of mutual funds, fixed income and money market instruments (including commercial papers, ICDs and short term deposits of corporate), fixed deposits & certificate of deposit program of banks and other instruments / securities / treasury products of banks & financial institutions etc. as per treasury policy of the Company;
- To deal in foreign exchange and financial derivatives linked to foreign exchange and interest rates including, but not limited to foreign exchange spot, forwards, options, currency swaps and interest rates swaps;
- To open, operate, close, change in authorization for any Bank account, Subsidiary General Ledger (SGL) Account, Dematerialization / Depository Account;
- To approve, finalise and authorize the execution of any deed, document, letter or writing in connection with the aforesaid activities including borrowing / credit facilities, creation of charge etc.

### Allotment of Shares

- To allot shares of the Company from time to time, in one or more tranches, as per the terms of the ESOP Schemes for the time being in force;

- To seek listing of shares issued as above on one or more Stock Exchanges in India and all such shares being pari-passu with the existing equity shares of the Company in all respects;
- To do all such acts, deeds and things, as may be necessary and incidental to allotment and listing of shares.

### General Authorizations

- To open, shift, merge, close any branch office, circle office etc;
- To approve for participation into any tender, bid, auction etc. by the Company;
- To register the Company with any Central / State Government authorities, Semi-Government authorities, local authorities, tax authorities including sales tax, service tax, value added tax authorities, labour law authorities, administrative authorities, business associations and other bodies;
- To purchase, sell, take on lease / license, transfer or otherwise deal with any property;
- To apply for and surrender any electricity, power or water connection;
- To appoint any Merchant Banker, Chartered Accountant, Advocate, Company Secretary, Engineer, Technician, Consultants and / or Professionals for undertaking any assignment for and on behalf of the Company;
- To constitute, reconstitute, modify, and dissolve any trust or association with regard to the administrative matters or employee related matters and to appoint, reappoint, remove, replace the trustees or representatives;
- To authorize one or more employee(s), officer(s), representative(s), consultant(s), professional(s), or agent(s) jointly or severally to represent the Company before Central Government, State Governments, Judicial, Quasi-judicial and other statutory / administrative authorities or any other entity;
- To negotiate, finalise, execute, modify, sign, accept and withdraw all deed, agreements, undertakings, certificates,

applications, confirmations, affidavits, indemnity bonds, surety bonds, and all other documents and papers;

- To affix common seal of the Company;
- To enter into, sign, execute and deliver all contracts for and on behalf of the Company;
- To do all such acts, deeds and things as may be required for the smooth conduct of the operations of the Company and which does not require the specific approval of the Board of Directors of the Company or which has specifically been delegated by the Board of Directors to any other Committee of the Board or any officer, employee or agent of the Company;
- To perform such other functions as may be authorized / delegated by the Board of Directors or as might have been authorized / delegated to the erstwhile Borrowing and Investment Committee;
- To authorize/delegate any or all of its power to any person, officer, representative.

### Meeting, Attendance and Composition of the Committee of Directors

During the financial year 2019-2020, the Committee met 9 times i.e. on April 26, 2019; May 29, 2019; July 16, 2019; July 24, 2019; August 23, 2019; September 20, 2019; October 24, 2019; December 4, 2019 and January 2, 2020.

The composition of the Committee as on March 31, 2020 and the attendance of members at the meetings held during the financial year 2019-2020 are given below:

Name of Members	Category	Number of meetings held during his/her tenure and attended	
		Held	Attended
Mr. Akhil Gupta - Chairman	Executive Director	9	8
Mr. D S Rawat	Executive Director	9	8
Mr. Rajan Bharti Mittal	Non-Executive Director	9	7

## Corporate Social Responsibility (CSR) Committee

In compliance with the requirements of the Act, the Company has constituted the Corporate Social Responsibility (CSR) Committee.

As on March 31, 2020, the Committee comprises of 4 members of whom 2 are Independent Directors, 1 Non- Executive Director and 1 Executive Director. Mr. N Kumar, Independent Director, is the Chairman of the Committee. The Company Secretary acts as a secretary to the Committee.

### Key Responsibilities of the CSR Committee, inter-alia, includes:

- Formulate and recommend to the Board a Corporate Social Responsibility Policy which shall indicate activities to be undertaken by the Company;
- Recommend the amount of expenditure to be incurred on the activities undertaken;
- Monitor the Corporate Social Responsibility Policy of the Company from time to time;
- Review the performance of the Company in the area of CSR;
- Evaluate social impact of the Company's CSR Activities;
- Review the Company's disclosure of CSR matters including any annual social responsibility report;
- Review the following, with the management, before submission to the Board for approval:
  - a) Business Responsibility Report (BRR) and Sustainability Report
  - b) CSR Report
- Institute a transparent monitoring mechanism for implementation of the CSR project or programs or activities;
- Approve the appointment or re-appointment of Directors responsible for Business Responsibility;

- Consider other functions, as defined by the Board, or as may be stipulated under any law, rule or regulation including the Listing Regulations, Corporate Social Responsibility Voluntary Guidelines and the Companies Act, 2013.

On the recommendation of the CSR Committee, the Board had approved the Corporate Social Responsibility Policy (CSR Policy) of the Company. The CSR Policy intends to strive for economic development that positively impacts the society at large with a minimal resource footprints. The Policy is posted on the website of the Company and can be accessed at [www.bharti-infratel.com](http://www.bharti-infratel.com).

### Meeting, Attendance and Composition of the CSR Committee

During the financial year 2019-2020, the CSR Committee met 4 times i.e. on April 24, 2019; July 24, 2019; October 21, 2019 and January 30, 2020.

The Committee approved 1 matter through resolution by circulation during the financial year 2019-2020 and the text of the resolution so approved was presented in the next meeting for noting.

The composition of the Committee as on March 31, 2020 and the attendance of the members at the meetings held during the financial year 2019-2020, are given below:

Name of Members	Category	Number of meetings held during his/her tenure and attended	
		Held	Attended
Mr. N Kumar – Chairman	Independent Director	4	4
Mr. D S Rawat	Executive Director	4	4
Dr. Leena Srivastava	Independent Director	4	1
Mr. Rajan Bharti Mittal	Non-Executive Director	4	4

### CSR Committee Report for the year ended March 31, 2020

The CSR report for the year ended March 31, 2020 is annexed as Annexure E to the Board's Report.

## General Body Meetings

The details of last three Annual General Meetings are as follows:

Year	Time, Day, Date & Location	Summary of Special Resolutions
2018-2019	12.30 P.M. IST July 23, 2019 (Tuesday) The Auditorium, Apparel House (near the Zest), Sector 44, Gurugram-122003, Haryana	Re-appointment of Mr. Bharat Sumant Raut, Mr. Jitender Balakrishnan, Dr. Leena Srivastava and Mr. Narayanan Kumar as Independent Directors of the Company.
2017-2018	11.00 A.M. IST July 24, 2018 (Tuesday) The Auditorium, Apparel House (near the Zest), Sector 44, Gurugram-122003, Haryana	No Special Resolution was passed.
2016-2017	4:00 P.M. IST July 22, 2017 (Saturday) Air Force Auditorium, Subroto Park, New Delhi – 110010	No Special Resolution was passed.

## Postal Ballot

The Company did not pass any resolution through postal ballot during the financial year 2019-2020.

## Disclosures and Policies

### Disclosure on Materially Significant Related Party Transactions that may have potential conflict with the interest of Company at large

All transactions entered into with related parties as defined under the Act and the Listing Regulations during the financial year were in the ordinary course of business and on an arm's length pricing basis or were approved by the Board/ Audit & Risk Management Committee under specific provisions of Act.

None of the transactions with any of the related parties were in conflict with the interest of the Company. Rather, they synchronize and synergise with the Company's operations. Attention of members is drawn to the disclosure of transactions with the related parties set out in Note No. 41 of the Standalone Financial Statements, forming part of this Integrated Report.

The required statements / disclosures, with respect to the Related Party Transactions, are placed before the Audit & Risk Management Committee as well as the Board of Directors, on quarterly basis in terms of the Listing Regulations and other applicable laws for approval / information. Prior omnibus approval is obtained for Related Party Transactions which are repetitive in nature.

Further, in respect of each half year, the Company submits the disclosure of related party transactions on a consolidated basis to the stock exchange and the same is also placed on the website of the Company.

In terms of the Listing Regulations, Company shall obtain approval of shareholders for material related party transactions i.e. the transaction which individually or taken together with previous transactions during a financial year exceeds 10% of the annual consolidated turnover of the Company. Accordingly, the Company has, in addition to the resolution passed by the shareholders in 9<sup>th</sup> Annual General Meeting held on August 11, 2015, obtained the approval of shareholders in the 12<sup>th</sup> Annual General Meeting held on July 24, 2018 for all the material Related Party Transactions entered / to be entered between the Company and its Holding Company, Bharti Airtel Limited.

The Board has formulated a Policy on dealing with Related Party Transactions pursuant to the provisions of the Act and the Listing Regulations. The Policy includes clear threshold limits and intends to ensure that proper reporting, approval and disclosure processes are in place for all transactions between the Company and related parties. The Policy is posted on the website of the Company at [http://www.bharti-infratel.com/cps-portal/web/corporate\\_gov.html#4](http://www.bharti-infratel.com/cps-portal/web/corporate_gov.html#4).

### Prevention of Sexual Harassment

Bharti Infratel's commitment towards creating a respectful workplace that is free from any form of harassment and discrimination is exemplified by its 'zero-tolerance' approach towards any act of sexual harassment. The Company has a comprehensive policy which is in compliance with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. An Internal Complaints Committee (ICC) has been constituted as per procedure prescribed in the law. All such investigations are conducted as per the tenets of the law and the Company's policy. The list of ICC members has been prominently displayed across all offices in publicly accessible areas. Further, awareness and training sessions with respect to the Prevention of Sexual harassment at workplace are conducted for



all employees, including our associates. Following are the details of sexual harassment cases for the financial year 2019-2020.

- 1) Number of complaints filed during the financial year – 1
- 2) Number of complaints disposed off during the financial year – 1
- 3) Number of complaints pending as at the end of the financial year – 0

#### **Details of Non-compliance of any requirement of corporate governance**

There has been no instance of non-compliance of any requirement of corporate governance by the Company.

#### **Details of Non-compliance with regard to Capital Markets during the last three years**

There has been no instance of non-compliance by the Company and no penalties and / or strictures has been imposed by Stock Exchanges or SEBI or any statutory authority on any matter related to capital markets during the last three years.

#### **Insider Trading**

In compliance with the SEBI Regulations on Prevention of Insider Trading, the Company has established systems and procedures to prohibit insider trading activity and has formulated a Code on Insider Trading ('Code') for designated persons who may have access to the Company's price sensitive information. The Code lays down procedures to be followed and disclosures to be made while trading in the Company's shares.

The Company follows highest standards of transparency and fairness in dealing with all stakeholders and ensures that no insider shall use his or her position with or without knowledge of the Company to gain personal benefit or to provide benefit to any third party.

#### **Whistle Blower Policy**

Bharti Infratel has a robust and independent vigil mechanism that is administered through the office of the Ombudsperson. It outlines the method and process for stakeholders to voice genuine concerns about unethical conduct that may be in breach with the employees' Code of Conduct.

The policy aims to ensure that genuine complainants can raise their concerns in full confidence, without any fear of retaliation or victimisation. The Ombudsperson administers a formal process

to review and investigate any concerns raised. It also undertakes all appropriate actions required to resolve the reported matter. Instances of serious misconduct dealt with by the Ombudsperson are reported to the Audit & Risk Management Committee. All employees of the Company as well as external stakeholders having grievance has full access to the Ombudsperson through phones, emails or even meetings in person. During the year under review, no employee was denied access to the Audit & Risk Management Committee.

#### **Code of Conduct**

In compliance with the Listing Regulations and the Act, the Company has framed and adopted a Code of Conduct for all Directors and Senior Management Personnel. The code is available on the Company's website [www.bharti-infratel.com](http://www.bharti-infratel.com). The Code is applicable to all Board members and Senior Management executives who directly report to the Chairman and the Managing Director & CEO. The Code is circulated to all Board members and Senior Management Personnel and its compliance is affirmed by them annually.

Besides, the Company also procures a quarterly confirmation of material, financial and commercial transactions entered into by Senior Management Personnel with the Company that may have a potential conflict of interest.

A declaration signed by the Managing Director & CEO, regarding affirmation of the compliance with the Code of Conduct by Board Members and Senior Management for the financial year ended March 31, 2020, is annexed as Annexure A to this report.

Along with the Code of Conduct for the Board members and Senior Management, the Company has also laid down a Code of Conduct for its employees. As a process, an annual confirmation is also sought from all employees. All employees are expected to confirm compliance to the Code annually.

Regular training programmes are conducted across locations to explain and reiterate the importance of adherence to the Code.

#### **CEO and CFO Certification**

The certificate required under Regulation 17(8) of the Listing Regulations, duly signed by the Managing Director & CEO and in absence of Chief Financial Officer, by Mr. Akhil Gupta, Head – Business Planning and Analysis, representing finance department, was placed before the Board. The same is annexed as Annexure B to this report.

### **Auditors' Certificate on Corporate Governance**

As required under Regulation 34 of the Listing Regulations, the auditors' certificate on Corporate Governance is annexed as Annexure F to the Board's Report.

### **Certificate from Secretarial Auditor pursuant to Schedule V of the Listing Regulations**

A certificate has been received from M/s Chandrasekaran Associates, Practising Company Secretaries, pursuant to Schedule V of the Listing Regulations that none of the Directors on the Board of the Company has been debarred or disqualified from being appointed or continuing as director of the Company by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such statutory authority. The same is annexed as Annexure C to this report.

### **Subsidiary Company**

The Company has an unlisted subsidiary company and it monitors its performance, inter alia, by the following means:

- Financial Statement, in particular the investments made by unlisted subsidiary company, is reviewed quarterly by Company's Audit & Risk Management Committee;
- Minutes of Board Meeting of unlisted subsidiary company is placed before the Company's Board regularly;
- A statement containing significant transactions and arrangements entered into by unlisted subsidiary company is placed before the Company's Board.

The Company does not have any unlisted material subsidiary in terms of the provisions of Listing Regulations. The Board of Directors have formulated a Policy for determining material subsidiaries pursuant to the provisions of the Listing Regulations. The same is posted on the Company's website at [https://www.bharti-infratel.com/web/corporate\\_gov.html](https://www.bharti-infratel.com/web/corporate_gov.html).

### **Compliance with the Mandatory Requirements as Specified in Regulations 17 to 27 and Clauses (b) to (i) of Sub-Regulation (2) of Regulation 46 of the Listing Regulations**

The Board of Directors periodically review the compliance of all applicable laws. The Company has complied with all the mandatory requirements of the Code of Corporate Governance as stipulated under Regulations 17 to 27 and clauses (b) to (i) of sub-regulation

(2) of Regulations 46 of the Listing Regulations. It has obtained a certificate affirming the compliances from M/s. Deloitte Haskins & Sells, Chartered Accountants, Gurugram, the Company's Statutory Auditors and the same is attached to the Board's Report.

### **Details of Compliances with the Non-mandatory Requirements of Regulation 27 of the Listing Regulations**

In addition to the mandatory requirements, the Company has also adopted the following non-mandatory requirements in terms of the Listing Regulations:

#### **Shareholders' Rights**

The Company has a policy of announcement of the audited quarterly results. The results, as approved by the Board of Directors are first submitted to the Stock Exchanges within 30 minutes of the conclusion of the Board Meeting under Regulation 30 of Listing Regulations. Once taken on record by the Stock Exchanges, the same are disseminated in the media through press release. The quarterly financial results are published in newspapers and uploaded on Company's website [www.bharti-infratel.com](http://www.bharti-infratel.com).

On the next day of the announcement of the quarterly results, an earnings call is organised where the management responds to the queries of the investors / analysts. These calls are webcast live and transcripts are posted on the website.

#### **Audit Qualifications**

Company's financial statements are unqualified.

#### **Reporting of Internal Auditor/ Internal Assurance Partners**

The Internal Auditors/ Internal Assurance Partners directly reports to the Audit & Risk Management Committee.

### **Green Initiatives by MCA**

In compliance with the provisions of Section 20 of the Act and as a continuing endeavor towards the 'Go Green' initiative, the Company proposes to send all correspondences / communications through email to those shareholders, who have registered their email id with their depository participants/Company's registrar and share transfer agent. In case the shareholders desire to receive printed copy of such communications, they may send requisition to the Company. The Company will forthwith send a printed copy of the communication to the respective shareholder.

## Status of Dividend Declared

Status of the unclaimed / unpaid dividend amount is as under:

Financial Year	Dividend	Rate of Dividend per equity share of ₹ 10 each	Total Dividend Amount (₹) (In Mn)	Amount unpaid to the shareholders (₹) (In Mn)
2012-2013	Final	3.00	5,666	0.24
2013-2014	Final	4.40	8,316	0.15
2014-2015	Interim	4.50	8,505	0.16
2014-2015	Final	6.50	12,326	0.14
2015-2016	Final	3.00	5,548	0.12
2016-2017	Interim	12.00	22,195	0.52
2016-2017	Final	4.00	7,398	0.13
2017-2018	Final	14.00	25,894	0.86
2018-2019	1 <sup>st</sup> Interim	7.50	13,872	0.32
2018-2019	2 <sup>nd</sup> Interim	7.50	13,872	0.35
2019-2020	1 <sup>st</sup> Interim	3.65	6,751	0.18
2019-2020	2 <sup>nd</sup> Interim	2.75	5,087	0.17

**Note:** 3<sup>rd</sup> Interim Dividend of ₹ 4.10/- per equity share of ₹ 10/- each for the financial year 2019-2020 amounting to ₹ 7,583 Mn is declared by the Board on April 23, 2020.

The Company constantly endeavours to reduce the unpaid dividend amount. The shareholders who have not claimed their dividend for the above financial years are requested to contact the Company or its Share Transfer Agent.

Pursuant to the provisions of Section 124 and 125 of the Act, read with the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer & Refund) Rules, 2016 (IEPF Rules), the dividend which remains unclaimed/ unpaid for a period of seven years from the date of transfer to the unpaid dividend account is required to be transferred to the Investor Education and Protection Fund (IEPF) established by the Central Government. Members may visit the Company's website [www.bhartiinfratel.com](http://www.bhartiinfratel.com) for tracking details of unclaimed/ unpaid amounts, pending transfer to IEPF.

## Status of Unclaimed / Unpaid IPO Refund Amount

During the year, the Company has transferred ₹ 511,000/- lying as unclaimed amount in the IPO refund account with HDFC Bank Limited to Investors Education and Protection Fund (IEPF). The applicants of the IPO, who wish to claim their refund amount are requested to contact the IEPF Authority.

## Equity Shares in the Suspense Account

In terms of Regulation 34 of the Listing Regulations, the details in respect of shares lying in the demat account 'Bharti Infratel Limited-Unclaimed Suspense Account' as on March 31, 2020 are as under:

Particulars	Number of shareholders	Number of equity shares
Number of shareholders and aggregate number of shares as transferred to the Unclaimed Suspense Account outstanding as on April 1, 2019	1	50
Number of shareholders who approached the Company for transfer of shares and shares transferred from suspense account during the year	Nil	Nil
Aggregate Number of shareholders and the outstanding shares in the suspense account lying as on March 31, 2020	1	50

The voting rights on the shares in the suspense account as on March 31, 2020 shall remain frozen till the rightful owners of such shares claim the shares.

## Means of Communication

**Quarterly Results:** The Company's Quarterly Audited Results are published in prominent daily newspapers, viz. Mint (English daily) and Hindustan (vernacular newspaper) and are also posted on the Company's website, [www.bharti-infratel.com](http://www.bharti-infratel.com).

**News releases, presentations:** Official news releases and official media releases are sent to the Stock Exchanges and posted on Company's website, [www.bharti-infratel.com](http://www.bharti-infratel.com).

**Earning Calls & Presentations to Institutional Investors/ Analysts:** The Company organises an earnings call with analysts and investors on the next day of announcement of results, which is also broadcasted live on the Company's website. The transcript is posted on the website soon after. Any specific presentation made to the analysts/ others is also uploaded on the website [www.bharti-infratel.com](http://www.bharti-infratel.com).

**NSE Electronic Application Processing System (NEAPS)/ BSE Listing Centre:** The NEAPS/BSE's Listing Centre is web-based application designed for corporates. All periodical compliance filings like shareholding pattern, corporate governance report, media releases and other material information are also filed electronically on the designated portals.

**Website:** Up-to-date financial results, annual reports, shareholding patterns, official news releases, financial analysis reports, latest presentation made to the institutional investors and other general information about the Company are available on the website, [www.bharti-infratel.com](http://www.bharti-infratel.com).

Since the time of listing of shares, Bharti Infratel has adopted a practice of releasing a quarterly report, which contains financial and

operating highlights, key industry and Company developments, results of operations, stock market highlights, ratio analysis, summarised financial statements and so on. The quarterly reports are posted on the Company's website and are also submitted to the Stock Exchanges, where the Company's shares are listed.

## General Shareholders Information

### 14<sup>th</sup> Annual General Meeting

Date: August 3, 2020

Day: Monday

Time: 3:30 pm (IST)

Venue: Through Video Conferencing/Other Audio Visual Means

### Financial Year

The Company has adopted the financial year of 12 months ending in March every year.

### Dividend and Dividend Pay-out Date

During the year, the Board had declared an interim dividend of ₹ 3.65/- per equity share amounting to ₹ 6,751 Mn (excluding tax on dividend) on August 12, 2019 for which the payment was made to the shareholders on August 26, 2019. The Board had also declared 2<sup>nd</sup> interim dividend of ₹ 2.75/- per equity share amounting to ₹ 5,087 Mn (excluding tax on dividend) on December 10, 2019 for which the payment was made to the shareholders on December 23, 2019. Additionally, the Board also declared 3<sup>rd</sup> Interim Dividend of ₹ 4.10/- per equity share of ₹ 10/- each amounting to ₹ 7,583 Mn (Dividend Distribution Tax not applicable) on April 23, 2020, for which the payment will be made to the shareholders on or before May 22, 2020.

## Equity Shares Listing, Stock Code and Listing Fee Payment

Name and address of the Stock Exchange, Scrip code and Status of fee paid for FY 2020-21:

Name and address of the Stock Exchange	Scrip code	Status of fee paid
<b>National Stock Exchange of India Limited</b> Exchange Plaza, C-1 Block G, Bandra Kurla Complex, Bandra(C), Mumbai – 400001	INFRATEL	Paid
<b>The BSE Limited</b> Phiroze Jeejeebhoy Towers Dalal Street, Mumbai – 400001	534816	Paid

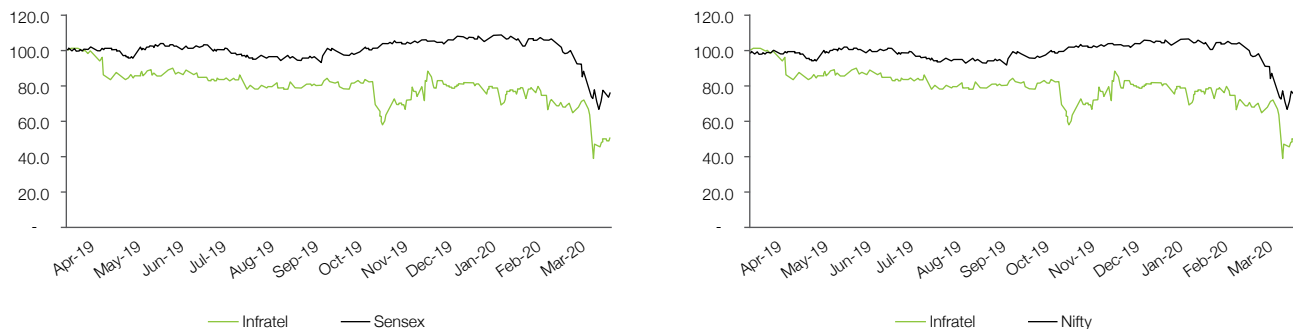
## Stock Market Data

The monthly high & low during each month, in last financial year, is as below:

Month	NSE		BSE	
	High (in ₹)	Low (in ₹)	High (in ₹)	Low (in ₹)
Apr-19	320	256.50	319.95	255
May-19	282.85	259.60	287	261.35
Jun-19	288.50	265.15	288.50	265.80
Jul-19	279.85	238.70	279.20	238.70
Aug-19	264.35	241	263.65	240.10
Sep-19	273	245	272.80	245.75
Oct-19	266	176.35	266	175.35
Nov-19	283.80	189.70	282.80	180.50
Dec-19	296.50	237.10	295.75	237
Jan-20	258.45	210.25	258.55	210.85
Feb-20	252.75	200.70	252.35	200.70
Mar-20	241.70	120.05	241.65	121.25

Source: [www.nseindia.com](http://www.nseindia.com) Source: [www.bseindia.com](http://www.bseindia.com)

Share Price performance in comparison to broad based indices such as BSE Sensex, and NSE NIFTY is as under:



Note: Base is considered to be 100 as at March 29, 2019.

### Suspension of Company's Securities

Company's securities are never suspended from trading since its listing.

### Registrar and Share Transfer Agent (RTA)

KFin Technologies Private Limited (formerly known as Karvy Fintech Private Limited) is the Company's Registrar and Transfer Agent for handling the work related to share registry, both in physical and demat form.

Pursuant to the changes made in Regulation 40 of Listing Regulations, the transfer of securities shall not be processed unless the securities are held in dematerialized form.

### Share Transfer System

Approximately 100% of the Company's equity shares are in electronic format. Pursuant to the Listing Regulations, we obtain certificates from a practicing Company Secretary on a half-yearly basis to the effect that all the transfers are completed within the statutory stipulated period. A copy of the certificates so received is submitted to both Stock Exchanges, where the shares of the Company are listed.

## Distribution of shareholding

By number of shares held as on March 31, 2020

S. No.	Category (by no. of shares)	No. of shareholders	% to holders	Amount of share Capital (in ₹)	% of shares
1	1-5000	48,328	94.58	33,379,720	0.18
2	5001-10000	1,344	2.63	10,455,970	0.06
3	10001-20000	457	0.89	6,692,550	0.04
4	20001-30000	116	0.23	2,922,140	0.02
5	30001-40000	51	0.10	1,768,530	0.01
6	40001-50000	31	0.06	1,392,750	0.01
7	50001-100000	115	0.23	8,694,090	0.05
8	100001 and above	657	1.29	18,430,776,710	99.65
	<b>Total</b>	<b>51,099</b>	<b>100</b>	<b>18,496,082,460</b>	<b>100</b>

Please note that total number of folios (without consolidation of shareholding) as on March 31, 2020 are 53,840. However, pursuant to SEBI Circular No. SEBI/HO/CFD/CMD/CIR/P/2017/128 dated December 19, 2017, the shareholding is consolidated on the basis of PAN, where available, and folio number to avoid multiple disclosures of shareholding of the same person. The total number of shareholders after consolidation of folios based on PAN, where available are 51,099.

By Category of holders as on March 31, 2020

S. No.	Category	Number of Shares	%
<b>I.</b>	<b>Promoter &amp; Promoter Group</b>		
	(i) Indian	989,780,979	53.51
	(ii) Foreign	-	-
	<b>Total - Promoter &amp; Promoter Group</b>	<b>989,780,979</b>	<b>53.51</b>
<b>II.</b>	<b>Public Shareholding</b>		
	<b>Institutions</b>		
	(i) Mutual Funds	35,249,739	1.91
	(ii) Alternative Investment Fund	18,127	0.00
	(iii) Foreign Portfolio Investors	777,354,226	42.03
	(iv) Financial Institutions/Banks	2,054,511	0.11
	(v) Insurance Companies	26,951,845	1.46
	(vi) Qualified Institutional Buyer	2,020,932	0.11
	<b>Total - Institutions</b>	<b>843,649,380</b>	<b>45.61</b>
	<b>Non-Institutions</b>		
	(i) Individual shareholders holding nominal share capital up to ₹ 2 lakh	5,731,828	0.31
	(ii) Individual shareholders holding nominal share capital in excess of ₹ 2 lakh	1,645,554	0.09
	(iii) NBFCs Registered with RBI	220	0.00
	(iv) Trust	2,439,145	0.13
	(v) Non Resident Indians	193,877	0.01
	(vi) Clearing Members	3,342,300	0.18
	(vii) Non Resident Indian Non Repatriable (NRN)	98,109	0.01



S. No.	Category	Number of Shares	%
	(viii) Bodies Corporate	1,988,877	0.11
	<b>Total - Non-Institutions</b>	<b>15,439,910</b>	<b>0.84</b>
	<b>Total - Public Shareholding</b>	<b>859,089,290</b>	<b>46.45</b>
<b>III.</b>	<b>Non Promoter-Non Public - Shares held by Employee Trusts</b>	<b>737,977</b>	<b>0.04</b>
	<b>Total</b>	<b>1,849,608,246</b>	<b>100</b>

### Dematerialization of Shares and Liquidity

The shares of the Company are compulsorily traded in dematerialized form and are available for trading with both the depositories i.e. National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). The shareholders can hold the Company's shares with any of the depository participants, registered with these depositories. ISIN for the Company's shares is INE121J01017. As on March 31, 2020, 1,849,607,078 shares representing approx. 100% of the total issued and paid-up capital are in demat form with the depositories.

The Company's equity shares are frequently traded at the BSE Limited and the National Stock Exchange of India Limited.

### Outstanding GDRs / ADRs / Warrants or any Convertible instruments, conversion date and likely impact on equity

The Company does not have any outstanding GDRs / ADRs / Warrants or any Convertible instruments as on date.

### Commodity price risk or foreign exchange risk and hedging activities

The nature of the business of the Company is such that it does not involve any material risk on account of foreign exchange and commodity prices. Therefore, the Company has not undertaken any hedging activities during the year.

### Plant Locations

Being a service provider company, Bharti Infratel Limited has no plant locations. The Company's Circle Office addresses are provided at the end of the Annual Report.

### Communication Addresses

	Contact	Email	Address
<b>For Corporate Governance and Other Secretarial related matters</b>	<b>Ms. Samridhi Rodhe</b> Company Secretary & Compliance Officer	<a href="mailto:compliance.officer@bharti-infratel.in">compliance.officer@bharti-infratel.in</a>	Bharti Infratel Limited Bharti Crescent, 1, Nelson Mandela Road, Vasant Kunj, Phase – II, New Delhi-110070
<b>For queries relating to Financial Statements</b>	<b>Ms. Surabhi Chandna</b> Chief Investor Relations Officer	<a href="mailto:ir@bharti-infratel.in">ir@bharti-infratel.in</a>	Telephone no. +91 11 46666100
<b>For Corporate Communication related matters</b>	<b>Mr. Prem Subedi</b> Head – Group Corporate Communications	<a href="mailto:corporate.communications@bharti.in">corporate.communications@bharti.in</a>	Fax no. +91 11 41666137 Website: <a href="http://www.bharti-infratel.com">www.bharti-infratel.com</a>
<b>Registrar &amp; Transfer Agent</b>	<b>KFin Technologies Private Limited (formerly known as Karvy Fintech Private Limited)</b>	<a href="mailto:einward.ris@kfintech.com">einward.ris@kfintech.com</a>	Selenium Building, Tower B, Plot number 31 & 32, Gachibowli, Financial District, Hyderabad – 500032, India P: +91 040 6716 1736 Fax No.: 040 23420814 <a href="mailto:einward.ris@kfintech.com">einward.ris@kfintech.com</a> Website: <a href="http://www.kfintech.com">www.kfintech.com</a> Toll Free No. 1-800-3454001

# Annexure - A

## Declaration

I hereby confirm that the Company has received from all members of the Board and Senior Management, for the financial year ended March 31, 2020, a confirmation that they are in compliance with the Company's Code of Conduct.

For **Bharti Infratel Limited**

**D S Rawat**

Managing Director & CEO

Date: April 23, 2020

Place: New Delhi

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# Annexure - B

## Certification

We, D S Rawat, Managing Director & CEO and in absence of Chief Financial Officer, Akhil Gupta, Head – Business Planning and Analysis, representing finance department, of Bharti Infratel Limited, to the best of our knowledge and belief hereby certify that:

- (a) We have reviewed financial statements and the cash flow statement for the year ended March 31, 2020 and that to the best of our knowledge and belief:
  - (i) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - (ii) These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- (b) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.
- (c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the Auditors and the Audit & Risk Management Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- (d) We have indicated to the Auditors and the Audit & Risk Management Committee:
  - (i) Significant changes in internal control over financial reporting during the year;
  - (ii) Significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
  - (iii) Instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

Date: April 23, 2020  
Place: New Delhi

**D S Rawat**  
Managing Director & CEO

**Akhil Gupta**  
Head – Business Planning and Analysis

# Annexure - C

## CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

(Pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI  
(Listing Obligations and Disclosure Requirements) Regulations, 2015)

To,  
The Members  
**Bharti Infratel Limited**  
901, Park Centra, Sector-30,  
NH-8, Gurugram, Haryana 122001

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of Bharti Infratel Limited having CIN L64201HR2006PLC073821 and registered office at 901, Park Centra, Sector-30, NH-8, Gurugram Gurgaon HR 122001 IN (hereinafter referred to as 'the Company'), produced before us by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In our opinion and to the best of our information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to us by the Company & its officers, We hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on March 31, 2020 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such other Statutory Authority:

Sr. No.	Name of Director	DIN	Date of appointment in Company
1.	Mr. Akhil Kumar Gupta	00028728	31/03/2008
2.	Ms. Anita Kapur	07902012	17/01/2018
3.	Mr. Bharat Sumant Raut	00066080	03/09/2012
4.	Mr. Devender Singh Rawat	06798626	01/04/2014
5.	Mr. Jitender Balakrishnan	00028320	03/09/2012
6.	Ms. Leena Srivastava	00005737	05/11/2012
7.	Mr. Narayanan Kumar	00007848	29/04/2008
8.	Mr. Rajan Bharti Mittal	00028016	27/01/2016
9.	Mr. Rajinder Pal Singh	02943155	15/07/2015
10.	Mr. Tao Yih Arthur Lang	07798156	08/05/2017

Ensuring the eligibility for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For **Chandrasekaran Associates**  
Company Secretaries

**Dr. S. Chandrasekaran**  
Senior Partner  
Membership No. 1644  
Certificate of Practice No. 715  
UDIN: F001644B000168844

Date: 21.04.2020  
Place: New Delhi



# Consolidated Financial Statements

# Independent Auditor's Report

To The Members of Bharti Infratel Limited

## Report on the Audit of the Consolidated Financial Statements

### Opinion

We have audited the accompanying consolidated financial statements of Bharti Infratel Limited ("the Parent") and its subsidiary (the Parent and its subsidiary together referred to as "the Group"), which includes Group's share of profit in its joint venture, which comprise the Consolidated Balance Sheet as at March 31, 2020, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Cash Flows and the Consolidated Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of report of other auditor on separate financial statements of joint venture referred to in the Other Matter section below, the aforesaid consolidated 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 consolidated state of affairs of the Group as at March 31, 2020, and their consolidated profit, their consolidated total comprehensive income, their consolidated cash flows and their consolidated changes in equity for the year ended on that date.

### Basis for Opinion

We conducted our audit of the consolidated financial statements in accordance with the Standards on Auditing specified under section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor's Responsibility for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group and its joint venture 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 consolidated 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 and the audit evidence obtained by the other auditor in terms of their report referred to in the Other Matter section below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

### Emphasis of Matter

#### **Material uncertainty arising out of certain developments and its consequential impact on business operations - Given by auditors of Indus Towers Limited, a Joint Venture Company**

As stated in Note 54, the auditors of Indus Towers Limited ("Indus"), a Joint Venture Company, in their audit report on the financial statements of that company for the year ended March 31, 2020, have reported under the above heading a matter which describes the effect on business, results of operations, financial position of the Joint venture Company on account of uncertainty regarding continuance of operations of their top customers caused by financial stress post the AGR judgement of Honourable Supreme Court dated October 24, 2019 and March 18, 2020.

#### **Accounting treatment for Deferred Tax – Given by auditors of Indus Towers Limited, a Joint Venture Company**

As stated in Note 9(c), the auditors of Indus Towers Limited ("Indus"), a Joint Venture Company, have included an 'Emphasis of Matter' paragraph in their audit report on the financial statements of that company for the year ended March 31, 2020 with respect to accounting treatment of adjustments of ₹ 2,039 million in carrying value of deferred tax assets, by setting off the same against the reserves created out of scheme of merger pursuant to the scheme of merger as approved by the appropriate judicature. However, this is not in compliance with Ind AS 12, Income taxes. The Group's share out of above adjustment is ₹ 856 million (i.e. 42%).

Our opinion is not modified in respect of above matters.



**Key Audit Matters**

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

Sr. No.	Key Audit Matter	Auditor's Response
1	<p><b>Revenue recognition – accuracy of revenue recorded</b></p> <p>There is an inherent risk around the accuracy of revenue recorded at rates other than the approved contracts / agreements. This is because the Group's billing systems are complex and process large volume of data, including combination of different components of revenue.</p> <p>(Refer to Note 3(j) and 25 to the consolidated financial statements)</p>	<p><b>Principal audit procedures performed:</b></p> <p>Our audit approach consisted evaluation of design and implementation of controls, and testing the operating effectiveness of the internal controls over:</p> <ul style="list-style-type: none"> <li>■ Capture and recording of revenue transactions;</li> <li>■ Authorisation of rates changes and input of the rate changes into the billing systems;</li> <li>■ Preparation and validation of the billing schedule; and</li> <li>■ Calculations of amounts billed to operators, in line with underlying contracts / agreements;</li> </ul> <p>We tested a sample of invoices issued to operators to ensure that the revenue recorded are agreeing to the relevant underlying supporting documentation. We also performed analytical procedures to test the recorded rental revenue;</p> <p>We involved our internal IT specialists to test IT general controls and application specific controls surrounding billing system, including testing of system generated reports used in our audit;</p> <p>We examined and assessed the accounting policies applied in the recognition of revenue for compliance with the applicable financial reporting framework.</p>
2	<p><b>Evaluation of uncertain tax positions</b></p> <p>The Group has material uncertain tax positions including matters under dispute which involves significant judgment to determine the possible outcome of these disputes.</p> <p>(Refer to Note 38(b) to the consolidated financial statements)</p>	<p><b>Principal audit procedures performed:</b></p> <p>Our audit procedures included evaluation of design of controls and testing of operating effectiveness of the Group's controls over assessment and evaluation of possible outcomes around tax disputes.</p> <p>We involved our internal tax experts, to gain understanding of the current status of the disputed tax cases; and to challenge management's underlying assumptions in estimating the possible outcome of these tax disputes. Our internal tax experts considered legal precedence and other ruling in evaluating management's position on these uncertain tax positions. Additionally, we also considered the effect of new information in respect of uncertain tax positions, as at April 1, 2019, to evaluate whether any change was required to management's position on these uncertainties.</p>

Sr. No.	Key Audit Matter	Auditor's Response
3	<p><b>Accounting for Ind AS 116 - Leases</b></p> <p>The Group adopted the new lease standard on April 1, 2019 using the modified retrospective approach. Consequently, the Group recorded the lease liability at the present value of the remaining lease payments discounted at the incremental borrowing rate and the right of use asset at its carrying amount as on the initial date of application of new lease standard.</p> <p>Management made significant estimates and assumptions in adopting the standard and was required to apply these estimates and assumptions to a high volume of lease portfolio. We identified the initial adoption of the standard as a key audit matter given the complexity of applying the standard to numerous leases. The related audit effort required a higher degree of auditor judgment and increased extent of effort when performing audit procedures to evaluate the reasonableness of management's judgments, including the selection of the incremental borrowing rate and the completeness and accuracy of the underlying data utilized by the Company.</p> <p>(Refer to Note 3(e) and 52 to the consolidated financial statements)</p>	<p><b>Principal audit procedures performed:</b></p> <p>Our audit approach consisted evaluation of design and implementation of controls, and testing the operating effectiveness around the key controls over appropriateness of underlying estimates and assumptions involved during initial adoption of standard including determination of discount rate.</p> <p>We involved our IT specialists to test the accuracy and completeness of the system generated reports, which are used as input for determination of Lease obligations and right to use assets.</p> <p>We challenged management's judgement around underlying estimates and assumptions involved during initial adoption including incremental borrowing rate applied to portfolio of leases, by evaluating the appropriateness of entity's determination of the incremental borrowing rate.</p> <p>We selected a sample of lease agreements and validated the accuracy of management's computation of lease liability and right to use assets, with reference to the terms of the selected leases (including lease term, rent amounts including escalations). We also assessed the appropriateness of accounting for leases in accordance with Company's accounting policies.</p>

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

The Parent's Board of Directors is responsible for the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report, Business Responsibility Report and Report on Corporate Governance, but does not include the consolidated financial statements, standalone financial statements and our auditor's report thereon.

Our opinion on the consolidated 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 consolidated financial statements, our responsibility is to read the other information, compare with the financial statements of the joint venture audited by the other auditor, to the extent it relates to that entity and, in doing so, place

reliance on the work of the other auditor and consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated. Other information so far as it relates to the joint venture is traced from their financial statements audited by the other auditor.

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 Consolidated Financial Statements

The Parent's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial

performance including other comprehensive income, consolidated cash flows and consolidated changes in equity of the Group including its joint venture in accordance with the Ind AS and other accounting principles generally accepted in India. The respective Board of Directors of the Companies included in the Group and of its joint venture are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and its joint venture and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Parent, as aforesaid.

In preparing the consolidated financial statements, the respective Board of Directors of the Companies included in the Group and of its joint venture are responsible for assessing the ability of the Group and of its joint venture to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the management either intends to liquidate or cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the Companies included in the Group and of its joint venture are also responsible for overseeing the financial reporting process of the Group and of its joint venture.

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

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 Parent 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 ability of the Group and its joint venture 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 consolidated 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 Group and its joint venture to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group and its joint venture to express an opinion on the

consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by other auditor, such other auditor remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

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

We communicate with those charged with governance of the Parent and such other entities included in the consolidated financial statements of which we are the independent auditors 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 consolidated 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.

### Other Matter

The Consolidated Financial Statements include the Group's share of net profit of ₹ 13,805 million and total comprehensive

income of ₹ 13,796 million for the year ended March 31, 2020, as considered in the Consolidated Financial Statements, in respect of one joint venture, whose financial statements have not been audited by us. These financial statements have been audited by other auditor whose report have been furnished to us by the Management and our opinion on the Consolidated Financial Statements, in so far as it relates to the amounts and disclosures included in respect of the joint venture and our report in terms of subsection (3) of Section 143 of the Act, in so far as it relates to the aforesaid joint venture is based solely on the report of the other auditor.

Our opinion on the consolidated financial statements above and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matter with respect to our reliance on the work done and the report of the other auditor.

### Report on Other Legal and Regulatory Requirements

As required by Section 143(3) of the Act, based on our audit and on the consideration of the report of the other auditor on separate financial statements of the joint venture, referred to in the Other Matter section above we report, to the extent applicable, 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 of the aforesaid consolidated financial statements.
- (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.
- (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including other comprehensive income), the Consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
- (d) In our opinion, the aforesaid consolidated 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 of the Parent as on March 31, 2020 taken on record by the Board of Directors of the Parent and the reports of the statutory auditors of its subsidiary company and joint venture company incorporated in India, none of the directors of the Group companies and joint venture company incorporated in India is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164 (2) of the Act.
- (f) With respect to the adequacy of the internal financial controls over financial reporting and the operating effectiveness of such controls, refer to our separate Report in "Annexure A", which is based on the auditors' reports of the Parent, subsidiary company and joint venture company incorporated in India. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of internal financial controls over financial reporting of those companies.
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended,

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

- (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:

- i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group and its joint venture.
- ii. The Group and joint venture did not have any material foreseeable losses on long-term contracts including derivative contracts.
- iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Parent. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by its subsidiary company and its joint venture company incorporated in India.

For **Deloitte Haskins & Sells LLP**

Chartered Accountants

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

**Vijay Agarwal**

Partner

(Membership No. 094468)

UDIN: 20094468AAAABX3301

Place: New Delhi

Date: April 23, 2020

# Annexure “A” to the Independent Auditor’s Report

(Referred to in paragraph 1(f) under ‘Report on Other Legal and Regulatory Requirements’ section of our report of even date)

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

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended March 31, 2020, we have audited the internal financial controls over financial reporting of Bharti Infratel Limited (hereinafter referred to as “the “Parent”) and its subsidiary company and joint venture, which are companies incorporated in India, as of that date.

## Management’s Responsibility for Internal Financial Controls

The respective Board of Directors of the Parent, its subsidiary company and its joint venture, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the respective Companies 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 (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

## Auditor’s Responsibility

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Parent, its subsidiary company and its joint venture, which are companies incorporated in India, 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 and the audit evidence obtained by the auditor of the joint venture, which are companies incorporated in India, in terms of their reports referred to in the Other Matter section below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting of the Parent, its subsidiary company and its joint venture, which are companies incorporated in India.

## 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 and based on the consideration of the report of the other auditor referred to in the Other Matter section below, the Parent, its subsidiary company and its joint venture, which are companies incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2020, based on the criteria for internal financial control over financial reporting

established by the respective companies 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.

### **Other Matter**

Our aforesaid report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting insofar as it relates to one joint venture, which is a company incorporated in India, is based solely on the corresponding report of the auditor of such company incorporated in India.

Our opinion is not modified in respect of the above matter.

For **Deloitte Haskins & Sells LLP**

Chartered Accountants

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

**Vijay Agarwal**

Partner

(Membership No.094468)

UDIN: 20094468AAAABX3301

Place: New Delhi

Date: April 23, 2020

# Consolidated Balance Sheet

as at March 31, 2020

(Amounts in millions of Indian Rupees)

Particulars	Notes	As at March 31, 2020	As at March 31, 2019
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	5 (a)	50,702	53,251
Right of use asset	5 (b)	16,319	-
Capital work-in-progress		545	1,180
Intangible asset	5 (a)	120	71
Investment in joint venture	6	57,318	51,085
<b>Financial assets</b>			
Investment	7	17,002	18,424
Other financial assets	8	1,450	1,361
Income tax assets (net)		757	1,137
Deferred tax assets (net)	9	1,331	159
Other non-current assets	10	2,549	1,837
		<b>148,093</b>	<b>128,505</b>
<b>Current assets</b>			
<b>Financial assets</b>			
Investment	7	37,381	29,549
Trade receivables	11	7,721	5,509
Cash and cash equivalents	12	1,452	3
Other bank balance	13	18	14
Other financial assets	8	4,466	5,210
Other current assets	14	2,457	2,515
		<b>53,495</b>	<b>42,800</b>
<b>Total assets</b>		<b>201,588</b>	<b>171,305</b>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Equity share capital	15	18,496	18,496
Other equity	16	116,927	126,820
<b>Equity attributable to equity holders of the parent</b>		<b>135,423</b>	<b>145,316</b>
<b>Non-current liabilities</b>			
<b>Financial liabilities</b>			
Lease liabilities	17	19,674	-
Other financial liabilities	18	635	2,430
Provisions	19	3,023	2,723
Deferred tax liabilities	9	-	1,776
Other non-current liabilities	20	731	1,308
		<b>24,063</b>	<b>8,237</b>
<b>Current liabilities</b>			
<b>Financial liabilities</b>			
Borrowings	21	24,184	57
Trade payables	22		
-Total outstanding dues of micro enterprises and small enterprises		189	26
-Total outstanding dues of creditors other than micro enterprises and small enterprises		7,902	10,807
Lease liabilities	17	2,414	-
Other financial liabilities	23	2,251	2,177
Other current liabilities	24	4,853	4,397
Provisions	19	200	140
Current tax liabilities (net)		109	148
		<b>42,102</b>	<b>17,752</b>
<b>Total liabilities</b>		<b>66,165</b>	<b>25,989</b>
<b>Total equity and liabilities</b>		<b>201,588</b>	<b>171,305</b>

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

For **Deloitte Haskins & Sells LLP**  
Chartered Accountants  
Firm registration number: 117366W/W-100018

**Vijay Agarwal**  
Partner  
Membership No: 094468

Place: New Delhi  
Date: April 23, 2020

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

**Akhil Gupta**  
Chairman

**Samridhi Rodhe**  
Company Secretary

**D S Rawat**  
Managing Director & CEO

# Consolidated Statement of Profit and Loss

for the year ended March 31, 2020

(Amounts in millions of Indian Rupees; except per share data and as stated otherwise)

Particulars	Notes	Year ended March 31, 2020	Year ended March 31, 2019
<b>Income</b>			
Revenue from operations	25	67,430	68,262
Other income	26	1,287	1,015
<b>Total income</b>		<b>68,717</b>	<b>69,277</b>
<b>Expenses</b>			
Power and fuel	27	23,672	25,607
Rent	28	-	3,446
Employee benefit expenses	29	2,935	2,915
Repairs and maintenance	30	2,503	3,286
Other expenses	31	2,144	1,342
<b>Total expenses</b>		<b>31,254</b>	<b>36,596</b>
<b>Profit before depreciation and amortisation, finance costs, finance income, charity and donation, share of profit of joint venture and tax</b>		<b>37,463</b>	<b>32,681</b>
Depreciation and amortisation expense	32	13,217	11,064
Less: adjusted with general reserve in accordance with the scheme of arrangement with Bharti Airtel Limited (refer note 43(a))	32	(402)	(406)
		<b>12,815</b>	<b>10,658</b>
Finance costs	33	3,350	529
Finance income	33	(3,370)	(4,406)
Charity and donation	48	598	545
<b>Profit before share of profit of joint venture and tax</b>		<b>24,070</b>	<b>25,355</b>
Share of profit of joint venture		13,805	10,172
<b>Profit before tax</b>		<b>37,875</b>	<b>35,527</b>
<b>Income tax expense :</b>	9	<b>4,888</b>	<b>10,589</b>
Current tax		5,806	10,786
Deferred tax		(918)	(197)
<b>Profit for the year</b>		<b>32,987</b>	<b>24,938</b>
<b>Other comprehensive income (OCI)</b>			
<b>Items that will not be re-classified to profit and loss</b>			
Remeasurement of the gain/ (loss) of defined benefit plans (net of tax)		(12)	5
Share of profit/ (loss) in OCI of joint venture		(9)	(2)
<b>Items that will be re-classified to profit and loss</b>			
Fair value changes on financial assets through OCI (net of tax)		(98)	(27)
<b>Other comprehensive income/(loss) for the year (net of tax)</b>		<b>(119)</b>	<b>(24)</b>
<b>Total comprehensive income for the year (net of tax)</b>		<b>32,868</b>	<b>24,914</b>
<b>Earnings per share (nominal value of share ₹ 10 each)</b>			
Basic	34	17.840	13.488
Diluted		17.839	13.487

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

For **Deloitte Haskins & Sells LLP**

Chartered Accountants

Firm registration number: 117366W/W-100018

**Vijay Agarwal**

Partner

Membership No: 094468

Place: New Delhi

Date: April 23, 2020

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

**Akhil Gupta**

Chairman

**Samridhi Rodhe**

Company Secretary

**D S Rawat**

Managing Director & CEO

# Consolidated Statement of Changes in Equity

as at March 31, 2020

(Amounts in millions of Indian Rupees; except share and per share data and as stated otherwise)

## A. Equity share capital

Particulars	No of shares (in thousands)	Amount in ₹ million
As at April 1, 2018	18,49,608	18,496
As at March 31, 2019	18,49,608	18,496
As at April 1, 2019	18,49,608	18,496
As at March 31, 2020	18,49,608	18,496

## B. Other equity

Particulars	Reserves and Surplus						Other comprehensive income	Total equity
	Securities Premium	Treasury shares	Share based payment reserves	Capital redemption reserve	General reserve	Retained earnings		
As at April 1, 2018	48,838	(289)	76	471	67,351	34,611	90	1,51,148
Profit for the year	-	-	-	-	-	24,938	-	24,938
Other comprehensive income	-	-	-	-	-	-	(24)	(24)
<b>Total comprehensive income</b>	-	-	-	-	-	24,938	(24)	24,914
Gross compensation for options forfeited/ exercised during the year	-	-	(34)	-	-	-	-	(34)
Shares issued to employees on exercise of ESOP	-	49	-	-	-	-	-	49
Amount transferred to Stock option outstanding during the vesting period	-	-	26	-	-	-	-	26
Premium on exercise of ESOP's*	-	-	-	-	(8)	-	-	(8)
Amount transferred to statement of profit and loss during the year in accordance with the scheme of arrangement with Bharti Airtel Limited	-	-	-	-	(419)	-	-	(419)
Amount adjusted during the year in accordance with the Indus scheme	-	-	-	-	-	(927)	-	(927)
Final dividend on equity shares	-	-	-	-	-	(39,752)	-	(39,752)
Tax on final dividend on equity shares	-	-	-	-	(8,177)	-	-	(8,177)
<b>As at March 31, 2019</b>	<b>48,838</b>	<b>(240)</b>	<b>68</b>	<b>471</b>	<b>58,747</b>	<b>18,870</b>	<b>66</b>	<b>126,820</b>
<b>As at April 1, 2019</b>	<b>48,838</b>	<b>(240)</b>	<b>68</b>	<b>471</b>	<b>58,747</b>	<b>18,870</b>	<b>66</b>	<b>126,820</b>
- Transition Impact of Ind AS 116 (net of tax)	-	-	-	-	-	(9,452)	-	(9,452)
<b>Restated balance as at April 1, 2019</b>	<b>48,838</b>	<b>(240)</b>	<b>68</b>	<b>471</b>	<b>58,747</b>	<b>9,418</b>	<b>66</b>	<b>117,368</b>
Profit for the year	-	-	-	-	-	32,987	-	32,987
Other comprehensive income	-	-	-	-	-	-	(119)	(119)
<b>Total comprehensive income</b>	-	-	-	-	-	32,987	(119)	32,868

# Consolidated Statement of Changes in Equity

as at March 31, 2020

(Amounts in millions of Indian Rupees; except share and per share data and as stated otherwise)

## B. Other equity (Contd..)

Particulars	Reserves and Surplus						Other comprehensive income	Total equity
	Securities Premium	Treasury shares	Share based payment reserves	Capital redemption reserve	General reserve	Retained earnings		
Tax Impact of rate change on transition impact of Ind AS 116	-	-	-	-	-	(856)	-	(856)
Gross compensation for options forfeited/ exercised during the year	-	-	(27)	-	-	-	-	(27)
Shares issued to employees on exercise of ESOP	-	38	-	-	-	-	-	38
Amount on account of sale and purchase of treasury shares	-	(39)	-	-	-	-	-	(39)
Amount transferred to Stock option outstanding during the vesting period	-	-	19	-	-	-	-	19
Premium on exercise of ESOP's *	-	-	-	-	(9)	-	-	(9)
Amount transferred to statement of profit and loss during the year in accordance with the scheme of arrangement with Bharti Airtel Limited	-	-	-	-	(440)	-	-	(440)
Final dividend on equity shares	-	-	-	-	-	(25,701)	-	(25,701)
Tax on final dividend on equity shares	-	-	-	-	-	(5,285)	-	(5,285)
Amount adjusted during the year in accordance with the Indus scheme	-	-	-	-	-	(1,009)	-	(1,009)
<b>As at March 31, 2020</b>	<b>48,838</b>	<b>(241)</b>	<b>60</b>	<b>471</b>	<b>58,298</b>	<b>9,554</b>	<b>(53)</b>	<b>116,927</b>

\*Represents the cost of purchase price in excess of fair value of grant recognised w.r.t. shares vested during this year (net of forfeiture)

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

For **Deloitte Haskins & Sells LLP**  
Chartered Accountants  
Firm registration number: 117366W/W-100018

**Vijay Agarwal**  
Partner  
Membership No: 094468

Place: New Delhi  
Date: April 23, 2020

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

**Akhil Gupta**  
Chairman

**Samridhi Rodhe**  
Company Secretary

**D S Rawat**  
Managing Director & CEO

# Consolidated Statement of Cash Flows

for the year ended March 31, 2020

(Amounts in millions of Indian Rupees)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
<b>Cash flows from operating activities</b>		
<b>Profit before taxation</b>	<b>37,875</b>	<b>35,527</b>
<b>Adjustments for</b>		
Depreciation and amortization expense	12,815	10,658
Finance income	(3,370)	(4,406)
Finance costs	3,350	501
Dividend income	-	11,261
Share of profits in joint venture	(13,805)	(10,172)
(Gain)/loss on disposal of property, plant & equipment	(384)	(530)
Provision for doubtful trade receivables	681	(934)
Revenue equalisation	(1,297)	-
Others	(1,879)	445
<b>Operating profit before changes in assets and liabilities</b>	<b>33,986</b>	<b>42,350</b>
Changes in other financial assets	336	129
Changes in other non current and current assets	610	15
Changes in trade receivables	(2,893)	(2,599)
Changes in other financial liabilities	(2,281)	(361)
Changes in provisions	77	28
Changes in other non current and current liabilities	15	199
Changes in trade payables	(1,234)	(64)
<b>Cash generated from operations</b>	<b>28,616</b>	<b>39,697</b>
Income tax paid (net of refunds)	(5,465)	(8,111)
<b>Net cash flow from operating activities (A)</b>	<b>23,151</b>	<b>31,586</b>
<b>Cash flows from investing activities</b>		
Purchase of property, plant & equipment	(8,298)	(9,559)
Proceeds from sale of property, plant & equipment	1,010	1,262
Investment in mutual funds	(80,162)	(74,953)
Investment in commercial paper, certificate of deposits and bonds	-	(4,698)
Proceeds from sale of mutual funds	64,078	96,277



# Consolidated Statement of Cash Flows

for the year ended March 31, 2020

(Amounts in millions of Indian Rupees)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Proceeds from sale of government securities	9,467	-
Redemption of commercial paper, certificate of deposits and bonds	2,938	5,250
Proceeds from bank deposits (net)	(7)	10
Proceeds from sale of non convertible debenture	-	1,000
Proceeds from exercise of stock options	-	6
Interest received	852	1,404
<b>Net cash flow from / (used in) investing activities (B)</b>	<b>(10,122)</b>	<b>15,999</b>
<b>Cash flows from financing activities</b>		
Proceeds from borrowings	23,853	4,000
Sale/(Purchase) of treasury shares	(39)	-
Repayment of borrowings	-	(4,000)
Dividend paid	(25,701)	(39,752)
Tax on dividend paid	(5,285)	(8,177)
Interest paid	(1,300)	(18)
Repayment of lease liabilities (including interest)	(3,382)	-
<b>Net cash flow used in financing activities (C)</b>	<b>(11,854)</b>	<b>(47,947)</b>
<b>Net increase in cash and cash equivalents during the year (A+B+C)</b>	<b>1,175</b>	<b>(362)</b>
Cash and cash equivalents at the beginning of the year	(54)	308
<b>Cash and cash equivalents at the end of the year (refer note 12)</b>	<b>1,121</b>	<b>(54)</b>

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

For **Deloitte Haskins & Sells LLP**  
Chartered Accountants  
Firm registration number: 117366W/W-100018

**Vijay Agarwal**  
Partner  
Membership No: 094468

Place: New Delhi  
Date: April 23, 2020

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

**Akhil Gupta**  
Chairman

**Samridhi Rodhe**  
Company Secretary

**D S Rawat**  
Managing Director & CEO

# Notes to Consolidated Financial Statements

for the year ended March 31, 2020

(Amounts in millions of Indian Rupees; unless stated otherwise)

## 1. Corporate information

Bharti Infratel Limited ('the Company' or 'BIL') was incorporated on November 30, 2006 with the object of, inter-alia, setting up, operating and maintaining wireless communication towers. The Company received the certificate of commencement of business on April 10, 2007 from the Registrar of Companies. The Registered office of the Company is situated at 901, Park Centra, Sector 30 NH-8, Gurugram, Haryana – 122001.

Bharti Infratel Limited together with its wholly owned subsidiary, controlled trust and joint venture is hereinafter referred to as "the Group".

Bharti Infratel Limited is a subsidiary of Bharti Airtel Limited ('BAL') and BAL holds 33.57% shares in the Company. Nettle Infrastructure Investments Limited, Wholly owned Subsidiary of BAL also holds 19.94% shares in the Company as on March 31, 2020.

The Company is publicly traded on National Stock Exchange of India (NSE) and BSE Limited.

The Company had entered into a joint venture agreement with Vodafone Group and Aditya Birla Telecom Limited (now merged with Vodafone Idea Limited (formerly known as Idea Cellular Limited)) to provide passive infrastructure services in 15 Telecom circles of India and formed Indus Towers Limited for such purpose which is a Company incorporated in India. The Company and Vodafone Group are holding 42% each in Indus Towers Limited, 11.15% is held by Vodafone Idea Limited and 4.85% is held by P5 Asia Holding Investments (Mauritius) Limited.

On April 25, 2018, Bharti Infratel Limited ('Infratel') and Indus Towers Limited ('Indus') and their respective shareholders and creditors entered into a proposed scheme of amalgamation and arrangement (under section 230 to 232 and other applicable provisions of the Companies Act, 2013) ('Scheme') to create a pan-India tower company operating across all 22 telecom service areas. The combined company, which will fully own the respective businesses of Infratel and Indus Towers, will change its name to Indus Towers Limited and will continue to be listed on the Indian Stock Exchanges. The Scheme has received approval from Competition Commission of India and No Objection from the Securities Exchange Board of India through BSE Limited and National Stock Exchange of India Limited. The Scheme has also been approved by the Hon'ble Chandigarh Bench of the National Company Law Tribunal (NCLT). Further, approval of Department of Telecommunications for FDI has been received on February 21, 2020. The long stop date for

the Scheme has been extended by the Board of Directors till June 24, 2020, subject to agreement on closing adjustments and other conditions precedent for closing, with each party retaining the right to terminate and withdraw the scheme. The Scheme shall become effective on the date on which certified copy of the final order of Hon'ble NCLT is filed with Registrar of Companies upon fulfilment/ waiver of other conditions precedent in the Scheme.

A wholly owned subsidiary, Smartx Services Limited, was incorporated on September 21, 2015 with the object of transmission through Optic Fiber Cables and setting up Wi-Fi hotspots for providing services to telecom operators and others on sharing basis.

The Company incorporated a Trust named Bharti Infratel Employees' Welfare Trust on January 07, 2015 with the object of acquiring shares through secondary acquisitions, hold them in trust for employees eligible to receive shares, and transfer such shares in accordance with ESOP Schemes.

The Consolidated financial statements are approved for issuance by the Company's Board of Directors on April 23, 2020.

## 2. Basis of preparation

### a. Statement of compliance

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

The financial statements have been prepared under historical cost convention on accrual and going concern basis, except for the certain financial instruments which have been measured at fair value as required by relevant Ind ASs.

Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

All the amounts included in the financial statements are reported in millions of Indian Rupees ('Rupees' or '₹'), and are rounded to the nearest million (Mn) except per share data and unless stated otherwise.

# Notes to Consolidated Financial Statements

for the year ended March 31, 2020

(Amounts in millions of Indian Rupees; unless stated otherwise)

## b. Basis of Consolidation

The Consolidated financial statements comprise the financial statements of the Group, its subsidiary, joint venture and its directly controlled entity which are as follows: -

Entity	Country of Incorporation	Principal Service	Relationship	Shareholding as at March 31, 2020	Shareholding as at March 31, 2019
Indus Towers Limited*	India	Passive Infrastructure Services	Joint Venture	42%	42%
Smartx Services Limited*	India	Optical Fibre Service	Subsidiary	100%	100%

Details of Controlled Trust

Name of Trust	Country of Incorporation
Bharti Infratel Employee Welfare Trust*	India

\*Refer note 1

### Accounting for Subsidiary:

A subsidiary is an entity controlled by the Group. Control exists when the parent has power over the entity, is exposed, or has rights to variable returns from its involvement with the entity and has the ability to affect those returns by using its power over entity. Power is demonstrated through existing rights that give the ability to direct relevant activities, those which significantly affect the entity's returns.

Subsidiary is fully consolidated from the date on which Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the period are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies and accounting period in line with those used by the Group. All intra-group transactions, balances, income and expenses and cash flows are eliminated on consolidation.

The Group consolidates its directly controlled trust on the line by line consolidation basis and according to principles of Ind AS 110, Consolidated Financial Statements.

### Interest in Joint Venture

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The Group's investments in its joint venture are accounted for using the equity method. Under the equity method, investments in joint venture are carried in the consolidated Balance sheet at cost as adjusted for post-acquisition changes in the Group's share of the net assets of the joint venture, less any impairment in the value of the investments. Additional losses are provided for, and a liability is recognized, only to the extent that the Group has incurred legal or constructive obligation or made payments on behalf of the joint venture.

The joint venture is accounted for from the date on which Group obtains joint control over joint venture for the same reporting period as the Group. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

# Notes to Consolidated Financial Statements

for the year ended March 31, 2020

(Amounts in millions of Indian Rupees; unless stated otherwise)

## 3. Significant accounting policies

### a. Property, Plant and Equipment

Property, plant and equipment including Capital work in progress is stated at cost, except assets acquired under Schemes of Arrangement, which are stated at fair values as per the Schemes, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the Property, plant and equipment and borrowing costs for long term construction projects if the recognition criteria are met. When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognizes such parts as separate component of assets with specific useful lives and provides depreciation over their useful life. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repair and maintenance costs are recognised in the Consolidated Statement of Profit and Loss as incurred.

The present value of the expected cost for the decommissioning of the asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met. Refer note 4 regarding significant accounting judgements, estimates and assumptions and provisions for further information about the recorded decommissioning provision.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the Consolidated Statement of Profit and Loss when the asset is derecognised.

Assets are depreciated to the residual values on a straight-line basis over the estimated useful lives. Estimated useful lives of the assets are as follows:

	Useful lives
Office Equipment	2 years / 5 years
Computer	3 years
Vehicles	5 years
Furniture and Fixtures	5 years
Plant & Machinery	3 to 20 Years
Leasehold Improvement	Period of Lease or useful life whichever is less

The existing useful lives of tangible assets are different from the useful lives as prescribed under Part C of Schedule II to the Companies Act, 2013 and the Group believes that this is the best estimate on the basis of technical evaluation and actual usage period.

The existing realizable values of tangible assets are different from 5% as prescribed under Part C of Schedule II to the Companies Act, 2013 and the Group believes that this is the best estimate on the basis of actual realization.

The assets' residual values and useful lives are reviewed at each financial year end or whenever there are indicators for impairment, and adjusted prospectively.

On transition to Ind AS, the Group has elected to continue with the carrying value of all its property, plant and equipment (including assets acquired under Schemes of Arrangement) except with an adjustment in decommissioning cost recognised as at April 1, 2015 measured as per the previous GAAP and use that carrying value as the cost of the property, plant and equipment.

### b. Intangible Assets

Intangible assets are recognized when the entity controls the asset, it is probable that future economic benefits attributed to the asset will flow to the entity and the cost of the asset can be reliably measured.

At initial recognition, the separately acquired intangible assets are recognised at cost. Intangible assets with finite useful lives are carried at cost less accumulated amortisation and accumulated impairment losses, if any.

Intangible assets are amortised over the useful economic life and assessed for impairment whenever there is an

# Notes to Consolidated Financial Statements

for the year ended March 31, 2020

(Amounts in millions of Indian Rupees; unless stated otherwise)

indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset are reviewed at least at the end of each financial year. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets is recognised in the Consolidated Statement of Profit and Loss unless such expenditure forms part of carrying value of another asset.

Software is capitalized at the amounts paid to acquire the respective license for use and is amortised over the period of license, generally not exceeding three years. Acquired telecom license is initially recognised at cost and subsequently measured at cost less accumulated amortisation and impairment losses, if any. Amortisation is recognised over the unexpired period of license.

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 Consolidated Statement of Profit and Loss when the asset is derecognised.

## c. Impairment of non-financial assets

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent

market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. Impairment losses, if any, are recognized in Consolidated Statement of Profit and Loss as a component of depreciation and amortisation expense.

A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited to the extent the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation or amortisation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognized in the Consolidated Statement of Profit and Loss except when the asset is carried at the revalued amount, the reversal is treated as a revaluation increase.

## d. Current versus non-current classification

The Group presents assets and liabilities in the balance sheet based on current/ non-current classification. An asset is treated 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

All other assets are classified as non-current.

A liability is 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.

# Notes to Consolidated Financial Statements

for the year ended March 31, 2020

(Amounts in millions of Indian Rupees; unless stated otherwise)

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The Group has identified twelve months as its operating cycle.

## e. Leases

A contract is, or contains, 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.

### Group as a Lessee

The Group recognizes right-of-use asset representing its right to use the underlying asset for the lease term at the lease commencement date. The cost of the right-of-use asset measured at inception shall comprise of the amount of the initial measurement of the lease liability adjusted for any lease payments made at or before the commencement date less any lease incentives received, plus any initial direct costs incurred. The right-of-use assets is subsequently measured at cost less any accumulated depreciation, accumulated impairment losses, if any and adjusted for any re-measurement of the lease liability. The right-of-use asset is depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset. Right-of-use assets are tested for impairment whenever there is any indication that their carrying amounts may not be recoverable. Impairment loss, if any, is recognised in the consolidated statement of profit and loss.

The Group measures the lease liability at the present value of the lease payments that are not paid at the commencement date of the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses incremental borrowing rate. For leases with reasonably similar characteristics, the Group may adopt the incremental borrowing rate for the entire portfolio of leases as a whole. The lease payments shall include fixed payments, variable lease payments, residual value guarantees,

exercise price of a purchase option where the Group is reasonably certain to exercise that option and payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease. The lease liability is subsequently remeasured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made and remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments.

The Group recognises the amount of the re-measurement of lease liability as an adjustment to the right-of-use asset. Where the carrying amount of the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, the Group recognizes any remaining amount of the re-measurement in consolidated statement of profit and loss.

The Group may elect not to apply the requirements of Ind AS 116 to leases for which the underlying asset is of low value. The lease payments associated with these leases are recognized as an expense on a straight-line basis over the lease term.

The Group has opted to recognize the asset retirement obligation liability as part of the cost of an item of property, plant and equipment in accordance with Ind AS 16.

### Group as a Lessor

Leases are classified as finance leases when substantially all of the risks and rewards of ownership transfer from the Group to the lessee. Amounts due from lessees under finance leases are recorded as receivables at the Groups net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the net investment outstanding in respect of the lease.

Leases where the Group does not transfer substantially all the risks and rewards incidental to ownership of the asset are classified as operating leases. Lease rentals under operating leases are recognized as income on a straight-line basis over the lease term. Contingent rents are recognized as revenue in the period in which they are earned.



# Notes to Consolidated Financial Statements

for the year ended March 31, 2020

(Amounts in millions of Indian Rupees; unless stated otherwise)

## f. Share-based payments

The Group issues equity-settled and cash-settled share-based options to certain employees. These are measured at fair value on the date of grant.

The fair value determined at the grant date of the equity-settled share-based options is expensed over the vesting period, based on the Group's estimate of the shares that will eventually vest.

The fair value determined on the grant date of the cash settled share based options is expensed over the vesting period, based on the Group's estimate of the shares that will eventually vest. At the end of each reporting period, until the liability is settled, and at the date of settlement, the fair value of the liability is recognized, with any changes in fair value pertaining to the vested period recognized immediately in Consolidated Statement of Profit and Loss.

At the vesting date, the Group's estimate of the shares expected to vest is revised to equal the number of equity shares that ultimately vest.

Fair value is measured using Black-Scholes framework and is recognized as an expense, together with a corresponding increase in equity/ liability as appropriate, over the period in which the options vest using the graded vesting method. The expected life used in the model is adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioral considerations. The expected volatility and forfeiture assumptions are based on historical information.

Where the terms of share-based payments are modified, the minimum expense recognized is the expense as if the terms had not been modified, if the original terms of the award are met. An additional expense is recognized for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it is vested on the date of cancellation, and any expense not yet recognized for the award is recognized immediately. This includes any award where non-vesting conditions within the control of either the entity or the

employee are not met. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect of outstanding options if any is reflected as additional share dilution in the computation of diluted earnings per share.

## g. Cash and Cash equivalents

Cash and cash equivalents in the consolidated balance sheet comprise cash at banks and in hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value. Bank overdrafts that are repayable on demand and form an integral part of the Groups cash management are included as a component of cash and cash equivalents for the purpose of the consolidated Statement of Cash Flows.

## h. Treasury shares

The Group has formed Bharti Infratel Employee Welfare Trust, for administration of ESOP Schemes of the Group. The Trust bought shares of the Group from the market, for giving shares to employees. The Group treats Trust as its extension and shares held by Trust are treated as treasury shares.

Own equity instruments ("treasury shares") which are reacquired through Bharti Infratel Employees Welfare Trust are recognized at cost and deducted from equity. No gain or loss is recognized in the Consolidated Statement of Profit and Loss on the purchase, sale, issue or cancellation of the Group own equity instruments. Any difference between the carrying amount and the consideration, if reissued, is recognized in the share based payment reserves. Share options exercised during the reporting period are satisfied with treasury shares.

## i. Financial Instruments

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

# Notes to Consolidated Financial Statements

for the year ended March 31, 2020

(Amounts in millions of Indian Rupees; unless stated otherwise)

## Financial Assets

### Initial Recognition and Measurement

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

### Subsequent Measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Debt instruments at amortised cost
- Debt instruments at fair value through other comprehensive income (FVTOCI)
- Debt instruments, derivatives and equity instruments at fair value through Profit or Loss (FVTPL)
- Equity instruments measured at fair value through other comprehensive income (FVTOCI)

### Debt Instruments at Amortised Cost

The category applies to the Group's trade receivables, unbilled revenue, security deposits.

A 'debt instrument' is measured at the amortised cost if both the following conditions are met:

- a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows and
- b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The accretion of EIR is recorded as a finance income in the Consolidated Statement of Profit and Loss. The losses arising from impairment are recognised in the Consolidated Statement of Profit and Loss.

### Debt instrument at fair value through other comprehensive income (FVTOCI)

A 'debt instrument' is classified at FVTOCI if both of the following criteria are met:

- a) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and
- b) The asset's contractual cash flows represent solely payment of principal and interest (SPPI).

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income (OCI). However, the Group recognizes interest income, impairment losses and reversals in the Consolidated Statement of Profit and Loss. On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from the equity to Consolidated Statement of Profit and Loss.

Interest earned whilst holding FVTOCI debt instrument is reported as interest income.

The Group has classified Investment in tax free bonds within this category.

### Debt instrument at fair value through Profit or Loss (FVTPL)

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization at amortized cost or at FVTOCI, is classified at FVTPL.

Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the Consolidated Statement of Profit and Loss. This category applies to the Group investment in government securities, mutual funds, taxable bonds and non-convertible debentures.

In addition, the Group may elect to designate a debt instrument, which otherwise meets amortized cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch'). The Group has not designated any debt instrument as FVTPL.

# Notes to Consolidated Financial Statements

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## Equity investments

All equity investments in scope of Ind AS 109, "Financial Instruments" are measured at fair value. Equity instruments which are held for trading and contingent consideration recognised by an acquirer in a business combination, if any to which Ind AS 103, Business combinations applies are classified as at fair value through Profit or loss. Further, there is no such equity investments measured at Fair value through profit or loss or fair value through other comprehensive income in the Group.

## De-recognition

A financial asset (or, where applicable, a part of a financial asset) is primarily derecognised (i.e. removed from the Group's balance sheet) when:

- The contractual rights to receive cash flows from the asset have expired, or
- The Group has transferred its contractual rights to receive cash flows from the financial asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

## Impairment of Financial Assets

In accordance with Ind AS 109, Financial instruments the Group applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the Financial assets that are debt instruments and are initially measured at fair value with subsequent measurement at amortised cost e.g. Trade receivables, unbilled revenue etc.

The Group follows 'simplified approach' for recognition of impairment loss allowance for trade receivables.

The application of simplified approach does not require the Group to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

For recognition of impairment loss on other financial assets and risk exposure, the Group determines whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, twelve month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in the subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on a twelve month ECL.

ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the entity expects to receive (i.e., all cash shortfalls), discounted at the original EIR.

## Financial Liabilities

### Initial Recognition and Measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings or payables, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Group's financial liabilities include trade payables, security deposits, lease liabilities etc.

### Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

### Financial liabilities at fair value through Profit and Loss (FVTPL)

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria

# Notes to Consolidated Financial Statements

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in Ind AS 109, Financial instruments are satisfied. For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risks are recognized in Other Comprehensive Income. These gains/ loss are not subsequently transferred to Consolidated Statement of Profit and Loss. However, the Group may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the Consolidated Statement of Profit and Loss.

## Financial Liabilities at Amortised Cost

This Category includes Security deposit received, trade payables etc. After initial recognition, such liabilities are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the Consolidated Statement of Profit and Loss.

## De-recognition

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

## Reclassification of Financial Assets

The Group determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be infrequent. The Group's senior management determines change in the business

model as a result of external or internal changes which are significant to the Group's operations. Such changes are evident to external parties. A change in the business model occurs when the Group either begins or ceases to perform an activity that is significant to its operations. If the Group reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The Group does not restate any previously recognised gains, losses (including impairment gains or losses) or interest.

## Offsetting of Financial Instruments

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

## j. Revenue Recognition

The Group earns revenue primarily from rental services by leasing of passive infrastructure and energy revenue by the provision of energy for operation of sites.

Effective April 1, 2018, the Group has applied Ind AS 115 "Revenue from Contracts with Customers" which establishes a comprehensive framework to depict timing and amount of revenue to be recognised. The Group has adopted Ind AS 115 using cumulative effect method, where any effect arising upon application of this standard is recognised as at the date of initial application (i.e. April 1, 2018). There was no impact on adoption of Ind AS 115 to the financial statements of the Group.

Revenue is recognized when the Group satisfies the performance obligation by transferring the promised services to the customers. Services are considered performed when the customer obtains control, whereby the customer gets the ability to direct the use of such services and substantially obtains all benefits from the services. When there is uncertainty as to measurement or ultimate collectability, revenue recognition is postponed until such uncertainty is resolved.

# Notes to Consolidated Financial Statements

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In order to determine, if it is acting as principal or as an agent, the entity shall determine whether the nature of its promise is a performance obligation to provide the specified services itself (i.e. the entity is a principal) or to arrange for those services to be provided by the other party (i.e. the entity is an agent) for all its revenue arrangements.

## Service revenue

Service revenue includes rental revenue for use of sites and energy revenue for the provision of energy for operation of sites.

Rental revenue is recognized as and when services are rendered on a monthly basis as per the contractual terms prescribed under master service agreement entered with customer. The Group has ascertained that the lease payments received are straight lined over the period of the contract.

Exit Charges is recognised when uncertainty relating to the amounts receivable on exit is resolved and it is probable that a significant reversal relating to the amounts receivable on exit will not occur.

Interest on delayed payment from operators is recognized as income when uncertainty relating to amount receivable is resolved and it is probable that a significant reversal relating to this amount will not occur.

Energy revenue is recognized over the period on a monthly basis upon satisfaction of performance obligation as per contracts with the customers. The transaction price is the consideration received from customers based on prices agreed as per the contract with the customers. The determination of standalone selling prices is not required as the transaction prices are stated in the contract based on the identified performance obligation.

Unbilled revenue represents revenues recognized after the last invoice raised to customer to the period end. These are billed in subsequent periods based on the prices specified in the master service agreement with the customers, whereas invoicing in excess of revenues are classified as unearned revenues. The Group collects GST on behalf of the government and therefore, it is not an economic benefit flowing to the Group, hence it is excluded from revenue.

## Use of significant judgements in revenue recognition

The Group's contracts with customers include promises to transfer services to a customer which are energy and rentals. Rentals are not covered within the scope of Ind AS 115, hence identification of distinct performance obligation within Ind AS 115 do not involve significant judgement.

Judgement is required to determine the transaction price for the contract. The transaction price could be either a fixed amount of customer consideration or variable consideration with elements such as discounts, service level credits, waivers etc. The estimated amount of variable consideration is adjusted in the transaction price only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur and is reassessed at the end of each reporting period.

In evaluating whether a significant revenue reversal will not occur, the Group considers the likelihood and magnitude of the revenue reversal and evaluates factors which results in constraints such as historical experience of the Group with a particular type of contract, and the regulatory environment in which the customers operates which results in uncertainty which is less likely to be resolved in near future.

The Group provides volume discount to its customers based on slab defined in the revenue contracts. Contract also contains clause on Service Level Penalty/ rewards in case the Group is not able to maintain uptime level mentioned in the agreement. These discount/penalties are called variable consideration.

There is no additional impact of variable consideration as per Ind AS 115 since maximum discount is already being given to customer and the same is deducted from revenue.

There is no additional impact of SLA penalty as the Group already estimates SLA penalty amount and the same is provided for at each month end. The SLA penalty is presented as net off with revenue in the Statement of profit and loss.

Exit charges are recognised in the Consolidated Statement of Profit and loss when the amounts due are collected and there is no uncertainty relating to discounts and waivers.

# Notes to Consolidated Financial Statements

for the year ended March 31, 2020

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Determination of standalone selling price does not involve significant judgement for the Group. The Group exercises judgement in determining whether the performance obligation is satisfied at a point in time or over a period of time. The Group considers the indicators on how customer consumes benefits as services are rendered in making the evaluation. Contract fulfillment costs are generally expensed as incurred. The assessment of this criteria requires the application of judgement, in particular when considering if costs generate or enhance resources to be used to satisfy future performance obligations and whether costs are expected to be recovered.

## k. Finance income

Finance income comprises interest income on funds invested and changes in the fair value of financial assets at fair value through profit or loss, and that are recognised in Consolidated Statement of Profit and Loss. Interest income is recognised as it accrues in Consolidated Statement of Profit and Loss, using the effective interest rate (EIR) which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset.

Finance income does not include dividend income, interest on income tax refund etc. which is included in other income.

## l. 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.

### 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 Group's income tax obligation for the period are recognised in the balance sheet as current income tax assets / 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 management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

The tax expense on dividends are linked directly to past transactions or events that generated distributable profits than to distribution to owners, Therefore, The Group shall recognise the income tax on dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events.

### Deferred tax

Deferred tax is recognised, using the balance sheet approach, on temporary differences arising between the tax bases of assets and liabilities and their carrying values in the financial statements. However, 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. Further, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill.

Moreover, deferred tax is recognised on temporary differences arising on investments in subsidiary and joint venture unless the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. The unrecognised deferred tax assets / carrying amount of deferred tax assets are reviewed at each reporting date for recoverability and adjusted appropriately.

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



# Notes to Consolidated Financial Statements

for the year ended March 31, 2020

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Deferred 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 Group currently has a legally enforceable right to set-off the current income tax assets and liabilities, and (b) when it relates to income tax levied by the same taxation authority.

## m. Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

## n. Dividend Payments

Final dividend is recognized, when it is approved by the shareholders and the distribution is no longer at the discretion of the Group. However, Interim dividends are recorded as a liability on the date of declaration by the Company's Board of Directors.

## o. Share capital

### Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of any tax effects.

## p. Retirement and other employee benefits

Short term employee benefits are recognised in the period during which the services have been rendered.

The Group post-employment benefits include defined benefit plan and defined contribution plans. The Group also provides other benefits in the form of deferred compensation and compensated absences.

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions

to a statutory authority and will have no legal or constructive obligation to pay further amounts. The Group contributions to defined contribution plans are recognized in Consolidated Statement of Profit and Loss when the services have been rendered. The Group has no further obligations under these plans beyond its periodic contributions.

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. Under the defined benefit retirement plan, the Group provides retirement obligation in the form of Gratuity. Under the plan, a lump sum payment is made to eligible employees at retirement or termination of employment based on respective employee salary and years of experience with the Group.

The cost of providing benefits under this plan is determined 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. Actuarial gains and losses are recognised in full in the period in which they occur in other comprehensive income forming part of Consolidated Statement of Profit and Loss.

The obligation towards the said benefit is recognised in the consolidated balance sheet as the difference between the fair value of the plan assets and the present value of the plan liabilities. Scheme liabilities are calculated using the projected unit credit method and applying the principal actuarial assumptions as at the date of consolidated Balance Sheet. Plan assets are assets that are held by a long-term employee benefit fund or qualifying insurance policies.

All expenses excluding remeasurements of the net defined benefit liability (asset), in respect of defined benefit plans are recognized in the profit or loss as incurred. Remeasurements, comprising actuarial gains and losses and the return on the plan assets (excluding amounts included in net interest on the net defined benefit liability (asset)), are recognized immediately in the consolidated Balance Sheet with a corresponding debit or credit through other comprehensive income in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

The Group provides other benefits in the form of compensated absences and long term service awards.

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The employees of the Group are entitled to compensated absences based on the unavailed leave balance. The Group records liability based on actuarial valuation computed under projected unit credit method. Actuarial gains / losses are immediately taken to the statement of profit and loss and are not deferred. The Group presents the entire leave encashment liability as a current liability in the balance sheet, since the Group does not have an unconditional right to defer its settlement for more than 12 months after the reporting date.

Under the long term service award plan, a lump sum payment is made to an employee on completion of specified years of service. The Group records the liability based on actuarial valuation computed under projected unit credit method. Actuarial gains / losses are immediately taken to the Consolidated Statement of Profit and Loss and are not deferred.

The amount charged to the Consolidated Statement of Profit and Loss in respect of these plans is included within operating costs.

## q. Provision

### (i) General

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

When the Group expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the Consolidated Statement of Profit and Loss, net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time (i.e., unwinding of discount) is recognised as a finance cost.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources would be required to settle the obligation, the provision is reversed.

### (ii) Contingent assets/liabilities

Contingent assets are not recognised. However, when realisation of income is virtually certain, then the related asset is no longer a contingent asset, and is recognised as an asset.

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

### (iii) Asset Retirement Obligations

Asset retirement obligations (ARO) are provided for those operating lease arrangements where the Group has a binding obligation at the end of the lease period to restore the leased premises in a condition similar to inception of lease.

Asset retirement obligation are provided at the present value of expected costs to settle the obligation using estimated cash flows and are recognized as part of the cost of the particular asset. The cash flows are discounted at a current pre-tax rate that reflects the risks specific to the site restoration obligation. The unwinding of the discount is expensed as incurred and recognized in the Consolidated Statement of Profit and Loss as a finance cost. The estimated future costs of decommissioning are reviewed annually and adjusted as appropriate. Changes in the estimated future costs or in the discount rate applied are added to or deducted from the cost of the asset.

# Notes to Consolidated Financial Statements

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## r. Earnings per share (EPS)

The Group Basic Earnings per share is determined based on the net profit attributable to the shareholders of the parent. Basic Earnings Per Share is computed using the weighted average number of Equity shares outstanding during the period excluding shares purchased by the Group and held as treasury shares.

Diluted EPS is computed using the weighted average common and dilutive common equivalents shares outstanding during the period including shares options except where the result would be anti-dilutive.

## s. Fair Value Measurement

The Group measures financial instruments at fair value at each reporting date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
- Level 3: Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs)

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

This note summarises accounting policy for fair value measurements. Other fair value related disclosures are given in the relevant notes.

## t. Foreign Currency

### Functional and presentation currency

The Group financial statements are presented in INR, which is also the Group's functional currency. Presentation currency is the currency in which the financial statement of the group is presented. Functional currency is the currency of the primary economic environment in which an entity operates and is normally the currency in which the entity primarily generates and expends cash. All the financial information presented in Indian Rupees (INR) has been rounded to the nearest of million rupees, except where otherwise stated.

# Notes to Consolidated Financial Statements

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## Transactions and Balances

Transactions in foreign currencies are initially recorded by the Group at the functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Differences arising on settlement or translation of monetary items are recognised in Consolidated Statement of Profit and Loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of nonmonetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

## 4. Significant accounting judgements, estimates and assumptions

The preparation of the Group financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

### Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the consolidated financial statements:

#### a) Leases

##### Group as lessor

The Group has assessed that its master service agreement ("MSA") with operators contains lease of its

tower sites and plant and equipment and has determined, based on evaluation of the terms and conditions of the arrangements such as various lessees sharing the same tower sites with specific area, the fair value of the asset and all the significant risks and rewards of ownership of these properties retained by the Group, that such contracts are in the nature of operating lease and has accounted for as such.

Lease rentals under operating leases are recognised as income on straight line basis over the lease term.

##### Group as lessee

The Group determines the lease term as the non-cancellable period of a lease, together with both periods covered by an option to extend the lease if the Group is reasonably certain to exercise that option; and periods covered by an option to terminate the lease if the Group is reasonably certain not to exercise that option. In assessing whether the Group is reasonably certain to exercise an option to extend a lease, or not to exercise an option to terminate a lease, it considers all relevant facts and circumstances that create an economic incentive for the Group to exercise the option to extend the lease, or not to exercise the option to terminate the lease. The Group evaluates if an arrangement qualifies to be a lease as per the requirements of Ind AS 116. Identification of a lease requires significant judgment. The Group uses significant judgement in assessing the lease term (including anticipated renewals) and the applicable discount rate. The discount rate is generally based on the incremental borrowing rate calculated as the weighted average rate specific to the portfolio of leases with similar characteristics.

##### Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group has based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

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## (b) Impairment of non-financial assets

The carrying amounts of the Group non-financial assets, other than deferred tax assets, are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit ('CGU') is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For the purpose of impairment testing, assets that cannot be tested individually are Grouped together into the smallest Group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or Groups of assets ('CGU').

The Group's corporate assets do not generate separate cash inflows. If there is an indication that a corporate asset may be impaired, then the recoverable amount is determined for the CGU to which the corporate asset belongs.

An impairment loss is recognized, if the carrying amount of an asset or its cash-generating unit exceeds its estimated recoverable amount and is recognised in Consolidated Statement of Profit and Loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of goodwill, if any, allocated to the units and then to reduce the carrying amounts of the other assets in the unit (Group of units) on a pro rata basis.

Impairment losses recognised in prior periods are assessed at end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Such reversal is recognized in the consolidated statement of profit and loss except when the asset is carried at revalued amount, the reversal is treated as a revaluation increase.

## (c) Property, plant and equipment

Refer Note 3(a) for the estimated useful life of Property, plant and equipment.

Property, plant and equipment also represent a significant proportion of the asset base of the Group. Therefore, the estimates and assumptions made to determine their carrying value and related depreciation are critical to the Group's financial position and performance.

The charge in respect of periodic depreciation is derived after determining an estimate of an asset's expected useful life and the expected residual value at the end of its life. Increasing an asset's expected life or its residual value would result in a reduced depreciation charge in the Consolidated Statement of Profit and Loss.

The useful lives and residual values of Group assets are determined by management at the time the asset is acquired and reviewed periodically. The lives are based on historical experience with similar assets as well as anticipation of future events which may impact their life, such as changes in technology.

During the Financial Year 2014-15, the Group had re-assessed the useful life and residual value of all its assets, accordingly, effective April 1, 2014, it has revised the useful life of certain class of shelters from 15 years to 10 years and revised the residual value of certain plant and machineries (batteries and DG sets) from Nil and 5% to 25% and 10%, respectively.

Further, with effect from April 1, 2018, The Group has reassessed the residual value of batteries and Diesel generators from 25% to 35% and from 10% to 20% respectively. Further, with effect from April 1, 2019, the Group has reassessed the residual value of air conditioners from Nil to 5%.

Set out below is the impact of above changes on future period depreciation:

Particulars	Year ended March 31, 2020	After March 31, 2020
Decrease in Depreciation	995	1,690

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for the year ended March 31, 2020

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## (d) Allowance of doubtful trade receivables

The expected credit loss is mainly based on the ageing of the receivable balances and historical experience. Based on the industry practices and the business environment in which the entity operates, management considers that the trade receivables are provided if the payment are more than 90 days past due. 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.

## (e) Asset Retirement obligation

The Group uses various leased premises to install its tower assets. A provision is recognised for the cost to be incurred for the restoration of these premises at the end of the lease period, which is estimated based on actual quotes, which are reasonable and appropriate under these circumstances. It is expected that these provisions will be utilised at the end of the lease period of the respective sites as per respective lease agreements.

## (f) Share based payment

The Group initially measures the cost of cash-settled transactions with employees using a binomial model to

determine the fair value of the liability incurred. Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. For cash-settled share-based payment transactions, the liability needs to be remeasured at the end of each reporting period up to the date of settlement, with any changes in fair value recognised in the Profit and Loss. This requires a reassessment of the estimates used at the end of each reporting period.

## (g) Deferred tax liability on undistributed profits of Joint Venture Company

As 42% stakeholder in Indus Towers Limited ('Indus'), the Company has rights in the Board of Indus to jointly control the dividend distribution and, accordingly, prevent the reversal of the temporary difference. Further, the Company does not anticipate that the temporary difference will reverse in the foreseeable future. Hence, the Company has not recognised deferred tax liability on undistributed profits of Indus.



# Notes to Consolidated Financial Statements

for the year ended March 31, 2020

(Amounts in millions of Indian Rupees; unless stated otherwise)

## 5. (a) Property, plant and equipment and intangible asset

Particulars	Land	Plant and equipment	Office furniture and equipment	Vehicles	Computers	Leasehold improvements	Total Tangible assets	Computer software	License fee	Total Intangible assets
<b>Cost</b>										
As at April 1, 2018	2	140,615	227	7	920	341	142,112	525	28	553
Additions	-	8,965	10	1	35	11	9,022	11	-	11
Disposals/adjustment	-	(3,707)	(3)	-	(6)	(2)	(3,718)	-	-	-
As at March 31, 2019	2	145,873	234	8	949	350	147,416	536	28	564
Adjustments for Ind AS 116*		(144)					(144)			
Restated balance as at April 1, 2019	2	145,729	234	8	949	350	147,272	536	28	564
Additions	-	9,182	25	-	7	7	9,221	127	-	127
Disposals/adjustment	-	(4,181)	(6)	(5)	(33)	-	(4,225)	-	-	-
As at March 31, 2020	2	150,730	253	3	923	357	152,268	663	28	691
Accumulated Depreciation/Amortization										
As at April 1, 2018	-	84,993	200	4	819	251	86,267	448	2	450
Charge for the year	-	10,913	13	1	71	23	11,021	42	1	43
Disposals/adjustment	-	(3,117)	(3)	-	(1)	(2)	(3,123)	-	-	-
As at March 31, 2019	-	92,789	210	5	889	272	94,165	490	3	493
Adjustments for Ind AS 116*		(52)					(52)			
Restated balance as at April 1, 2019	-	92,737	210	5	889	272	94,113	490	3	493
Charge for the year	-	10,970	24	-	39	20	11,053	77	1	78
Disposals/adjustment	-	(3,565)	(4)	(4)	(27)	-	(3,600)	-	-	-
As at March 31, 2020	-	100,142	230	1	901	292	101,566	567	4	571
<b>Net block</b>										
As at March 31, 2019	2	53,084	24	3	60	78	53,251	46	25	71
As at April 1, 2019	2	52,992	24	3	60	78	53,159	46	25	71
As at March 31, 2020	2	50,588	23	2	22	65	50,702	96	24	120

(i) "Plant and equipment" comprise of assets given on operating lease.

(ii) Depreciation charge for the year includes ₹ 255 Mn (FY 2018-19 - ₹ 382 Mn) being the amount provided for asset obsolescence/impairment with respect to assets not in active use.

(iii) Disposal/adjustment includes cost and accumulated depreciation for assets sold and the assets for which insurance claims are made by the Group.

(iv) Net book value of computers of ₹ Nil Mn (March 31, 2019: ₹ 23 Mn) are under finance lease.

## (b) Right of use assets\*

Particulars	Amount
<b>Balance as at April 1, 2019</b>	<b>15,902</b>
Additions during the year	5,626
Disposals during the year	(3,124)
Depreciation during the year	(2,085)
<b>Balance as at March 31, 2020</b>	<b>16,319</b>

\*Refer note 52 for detailed explanation

A

B

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# Notes to Consolidated Financial Statements

for the year ended March 31, 2020

(Amounts in millions of Indian Rupees; unless stated otherwise)

## 6. Investment in joint venture

Particulars	As at March 31, 2020	As at March 31, 2019
<b>Unquoted at cost</b>		
Indus Towers Limited: 500,504 shares (March 31, 2019: 500,504) equity shares of ₹ 1 each fully paid	57,318	51,085
	<b>57,318</b>	<b>51,085</b>

## 7. Investment

### a) Non-current investments

Particulars	As at March 31, 2020	As at March 31, 2019
<b>Investment carried at fair value through profit and loss</b>		
Mutual funds (quoted)	17,002	16,007
Government securities (quoted)	-	293
<b>Investment carried at fair value through other comprehensive income</b>		
Bonds (quoted)	-	2,124
	<b>17,002</b>	<b>18,424</b>

### b) Current investments

Particulars	As at March 31, 2020	As at March 31, 2019
<b>Investment carried at fair value through profit and loss</b>		
Mutual funds (quoted)	34,441	16,823
Bonds (quoted)	-	801
Government securities (quoted)	2,940	11,925
	<b>37,381</b>	<b>29,549</b>
Aggregate value of quoted Investment (cost)	50,798	46,622
Aggregate market value of quoted Investment	54,383	47,973

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for the year ended March 31, 2020

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## Non-current investments

Details of investments in mutual funds are provided below:

Particulars	As at March 31, 2020		As at March 31, 2019	
	Units	Amount	Units	Amount
Axis Liquid Fund - Growth (CFGPG)	2,173,652	4,769	2,173,652	4,489
Baroda Pioneer Liquid Fund - Plan A - Growth	1,513,826	3,442	1,513,826	3,238
DSP Liquidity Fund - Regular Plan - Growth	1,138,181	3,212	1,138,181	3,026
L& T Liquid - Growth	784,834	2,127	784,834	2,004
Tata Liquid Fund Regular Plan - Growth	687,670	2,142	687,670	2,015
UTI - Liquid Cash Plan - Institutional Growth	404,787	1,310	404,787	1,235
	<b>6,702,950</b>	<b>17,002</b>	<b>6,702,950</b>	<b>16,007</b>

Details of investments in government securities are provided below:

Particulars	As at March 31, 2020		As at March 31, 2019	
	Units	Amount	Units	Amount
6.97% Govt Stock 2026	-	-	3,000,000	293
	-	-	<b>3,000,000</b>	<b>293</b>

Details of investments in bonds are provided below:

Particulars	As at March 31, 2020		As at March 31, 2019	
	Units	Amount	Units	Amount
Housing and Urban Development Corporation Limited	-	-	200,000	222
Indian Railway Finance Corporation Limited	-	-	1,000	1,064
National Highway Authority of India	-	-	500	524
NTPC Limited	-	-	300	314
	-	-	<b>201,800</b>	<b>2,124</b>

# Notes to Consolidated Financial Statements

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(Amounts in millions of Indian Rupees; unless stated otherwise)

## Current investments

Details of investments in mutual funds are provided below:

Particulars	As at March 31, 2020		As at March 31, 2019	
	Units	Amount	Units	Amount
Aditya Birla Sun Life Liquid Fund - Growth - Regular Plan	8,581,317	2,727	-	-
Aditya Birla Sun Life Money Manager Fund - Growth - Regular Plan	2,995,937	806	2,995,937	750
Aditya Birla Sun Life Overnite Fund- Growth - Regular Plan	232,034	250	-	-
Birla Sun Life Cash Plus -Regular - Growth	-	-	922,495	276
Franklin India Liquid Fund	1,084,202	3,221	855,180	2,384
HDFC Liquid Fund - Regular Plan - Growth	22,284	87	-	-
HSBC Cash Fund	1,817,400	3,579	1,817,400	3,373
ICICI Prudential Liquid Plan- Growth	17,169,140	5,022	8,616,678	2,373
Invesco India Liquidity Fund - Growth	184,237	500	931,426	2,386
JM High Liquidity Fund - Growth Option	-	-	3,332,222	170
Kotak Liquid Fund - Growth (Regular Plan)	873,307	3,494	-	-
Kotak Money Market Fund Growth Regular Plan	1,036,601	3,421	1,036,601	3,189
Nippon India Liquid Fund - Growth Plan - Growth Option	819,713	3,953	-	-
SBI Liquid Fund Regular Growth	1,392,098	4,307	-	-
Sundaram Money Fund Regular Growth	24,329,258	1,013	-	-
UTI Money Market Fund - Institutional Plan - Growth	915,970	2,061	915,970	1,922
	<b>61,453,498</b>	<b>34,441</b>	<b>21,423,909</b>	<b>16,823</b>

Details of investments in bonds are provided below:

Particulars	As at March 31, 2020		As at March 31, 2019	
	Units	Amount	Units	Amount
8.68% Indiabulls Housing Finance	-	-	800	801
	-	-	<b>800</b>	<b>801</b>

Details of investments in government securities are provided below:

Particulars	As at March 31, 2020		As at March 31, 2019	
	Units	Amount	Units	Amount
7.68% Govt Stock 2023	27,500,000	2,940	98,000,000	10,089
8.27% Govt Stock 2020	-	-	18,000,000	1,836
	<b>27,500,000</b>	<b>2,940</b>	<b>116,000,000</b>	<b>11,925</b>

# Notes to Consolidated Financial Statements

for the year ended March 31, 2020

(Amounts in millions of Indian Rupees; unless stated otherwise)

## 8. Other financial assets

### a) Non-current

Particulars	As at March 31, 2020	As at March 31, 2019
<b>Security deposits</b>		
Unsecured, considered good	1,434	1,348
Unsecured, considered doubtful	364	294
Less: Provision for doubtful deposit	(364)	(294)
	<b>1,434</b>	<b>1,348</b>
Fixed deposits for more than one year	16	13
	<b>1,450</b>	<b>1,361</b>

Security Deposit includes ₹ 6 Mn (March 31, 2019 – ₹ 3 Mn) given to related parties. For details, refer note 42.

### b) Current

Particulars	As at March 31, 2020	As at March 31, 2019
Unbilled revenue	4,340	4,693
Other recoverable	60	69
Interest accrued on investments	66	448
	<b>4,466</b>	<b>5,210</b>

“Unbilled revenue” includes amount pertaining to related parties amounting to ₹ 3,041 Mn as at March 31, 2020 (March 31, 2019 - ₹ 2,986 Mn). For detail, refer note 42.

## 9. Taxes

### (a) Income tax expense

The major components of income tax expense are:

#### i. Profit and loss

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Current tax	5,806	10,786
Deferred tax	(918)	(197)
<b>Income tax expense</b>	<b>4,888</b>	<b>10,589</b>

# Notes to Consolidated Financial Statements

for the year ended March 31, 2020

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The Group has adjusted DDT of ₹ Nil (Previous year - ₹ 2,315 Mn) on dividend distributed by Joint venture company during year ended March 31, 2020 and accordingly recognized current tax expense and deferred tax credit with same amount.

Current tax expense includes tax charge of ₹ 9 Mn (March 31, 2019 - tax reversal of ₹ 46 Mn) and deferred tax expense includes tax expense reversal of ₹ 1 Mn (March 31, 2019 - tax expense of ₹ 30 Mn), respectively relating to earlier periods.

Further, Current tax expense also includes the tax benefit of 63 Mn on account of donation of ₹ 250 Mn to PM Cares fund (COVID-19) paid subsequent to the reporting period as per the ordinance passed by the Government and recognised the deferred tax with the same amount.

## ii. Other comprehensive income

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Deferred tax on re-measurements of defined benefits plan	4	(3)
Deferred tax on fair value changes of financial assets at FVTOCI	13	3
<b>Income tax charged to OCI</b>	<b>17</b>	<b>-</b>

## (b) Reconciliation of effective tax rate:

A reconciliation of the income tax provision to the amount computed by applying the statutory income tax rate to the profit before income taxes is summarized below:

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Net income before taxes	37,875	35,527
Enacted tax rate in India	25.168%	34.944%
<b>Computed tax expense</b>	<b>9,532</b>	<b>12,415</b>
<b>Increase/(reduction) in taxes on account of:</b>		
Share of (profits)/losses in joint ventures	(3,474)	(3,555)
Tax on undistributed earnings of joint venture	-	1,735
Reversal of tax on undistributed earnings of joint venture due to impending merger	(1,771)	-
Tax effect of long-term MTM loss/(gain) on non-current investment	(54)	(11)
Tax effect of long term capital loss/(gain) on sale of non current investment	11	(19)
Tax effect on exempted income	(12)	(51)
Tax effect on transition to Ind AS 116 due to change in tax rate	563	-
Others	93	75
<b>Income tax expense recorded in the consolidated statement of profit &amp; loss</b>	<b>4,888</b>	<b>10,589</b>

The applicable Indian statutory tax rate for financial year 2019-20 and 2018-19 is 25.168% and 34.944% respectively.



# Notes to Consolidated Financial Statements

for the year ended March 31, 2020

(Amounts in millions of Indian Rupees; unless stated otherwise)

## (c) Deferred tax (assets) / liabilities

The components that gave rise to deferred tax assets and liabilities are as follows:

Particulars	As at March 31, 2020	As at March 31, 2019
<b>Deferred tax liabilities in relation to:</b>		
Right of use assets	4,104	-
Property, plant and equipment and intangible asset (excluding ARO)	40	569
Investment carried at fair value through profit or loss/ OCI	895	565
Security deposit received measured at amortised cost	19	94
Gain on disposal of subsidiary (refer note 43)	114	116
Revenue Equalisation reserve	326	-
Tax effect on donation to PM Cares fund	63	-
<b>Total deferred Tax liabilities</b>	<b>5,561</b>	<b>1,344</b>
<b>Deferred Tax Assets in relation to:</b>		
Lease liabilities	5,511	-
Asset retirement obligation	598	724
Investment carried at fair value through profit or loss/ OCI	-	40
Provision for doubtful debts and advance	309	221
Provision for employee benefits	101	103
Employee Stock option plans	86	120
Long term capital loss carried forward	254	250
Others	33	45
<b>Total deferred tax assets</b>	<b>6,892</b>	<b>1,503</b>
<b>Deferred tax asset (net)</b>	<b>(1,331)</b>	<b>(159)</b>
DDT on undistributed profit of joint venture	-	1,776
<b>Deferred tax liabilities</b>	<b>-</b>	<b>1,776</b>

Deferred tax assets and deferred tax liabilities have been offset wherever the Group has a legally enforceable right to set off current tax assets against current tax liabilities and where the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority.

During the financial year 2018-19, the Group recognised dividend distribution tax (DDT) on undistributed profits of the Joint venture as deferred tax liability (DTL). DTL relating to dividend tax paid on actual distribution of dividend by the Joint venture Company is adjusted with the carrying amount of Investment.

However, in view of the impending merger referred to in Note 1, deferred tax liability as on March 31, 2019 amounting to ₹ 1,776 Mn which was hitherto being recognized has been reversed in respect of dividend distribution tax on undistributed profits of its Joint Venture Company and accordingly, the tax charge for the year ended March 31, 2020 is net of above amount. Further, the Group has not recognized any deferred tax charge during the year ended March 31, 2020 on undistributed profits amounting to ₹ 24,218 Mn of its Joint Venture Company. (Also refer note 4(g)).

# Notes to Consolidated Financial Statements

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(Amounts in millions of Indian Rupees; unless stated otherwise)

The Group has elected to exercise the option permitted under section 115BAA of the Income - Tax Act, 1961 as introduced by the Taxation Laws (Amendment) Ordinance, 2019 dated September 20, 2019. Accordingly, the Parent and its subsidiary Company has recognised current tax and re-measured its deferred tax assets basis the rate prescribed in the said section and has taken the full effect to Statement of profit and loss.

The Joint Venture Company ("Indus") has recognised current tax and re-measured its deferred tax liabilities as per the prescribed rate in section 115BAA of the Income Tax Act, 1961. Further, the rate change impact of ₹ 2,039 Mn on account of deferred tax created on transition to Ind AS 116 has been utilized from general reserves created out of scheme of merger as approved by the Hon'ble High Court of Delhi vide order dated April 18, 2013 effective from June 11, 2013. The Group's share out of above adjustment is ₹ 856 Mn (i.e. 42%). The scheme inter alia permits such reserve to be treated as free reserves for all intents and purposes as may be decided by the board of directors of Indus, including for amortisation of any merger related expenses or losses, issuance of bonus shares, off-setting any additional or accelerated depreciation related to the fixed assets transferred to the transferee Company pursuant to the Scheme, lease equalization reserve, site restoration obligations, deferred tax assets or liabilities, other expenses, impairment, losses or write-offs and any other permitted purpose and shall form part of the net worth of the transferee Company. The auditors of Indus have included an 'Emphasis of Matter' paragraph in their audit report with respect to this accounting treatment.

The Reconciliation of net deferred tax asset/liability is follows:

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Opening balance	(159)	(542)
Tax expense during the year recognised in consolidated statement of profit and loss	842	383
Tax expense on transition to Ind AS 116 (recongised in retained earnings)	(2,014)	-
<b>Closing balance</b>	<b>(1,331)</b>	<b>(159)</b>

## 10. Other non-current assets

Particulars	As at March 31, 2020	As at March 31, 2019
<b>Capital advances</b>		
Unsecured, considered good	-	-
Unsecured, considered doubtful	-	19
Less: Provision for doubtful advances	-	(19)
	-	-
<b>Others</b>		
Considered good	1,252	1,807
Considered doubtful	592	18
Less: Provision	(592)	(18)
	<b>1,252</b>	<b>1,807</b>
Deferred lease - security deposit	-	30
Revenue Equilaization Reserve	1,297	-
	<b>2,549</b>	<b>1,837</b>

"Others" comprise of payments made under protest to the Government authorities. For details, refer note 38(b).

# Notes to Consolidated Financial Statements

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## 11. Trade receivables

Particulars	As at March 31, 2020	As at March 31, 2019
Secured, considered good	-	-
Unsecured, considered good	7,721	5,509
Unsecured, significant increase in credit risk	902	350
Unsecured, credit impaired	-	-
Less: Allowance for doubtful receivables	(902)	(350)
	<b>7,721</b>	<b>5,509</b>

Trade receivables include receivables from related parties amounting to ₹ 4,062 Mn (March 31, 2019 - ₹ 3,877 Mn). For details, refer note 42. Trade receivables are non-interest bearing and due after 15/30 days from the date of invoice.

## 12. Cash and cash equivalents

Particulars	As at March 31, 2020	As at March 31, 2019
Balances with banks		
on current accounts	52	2
Deposits with original maturity of less than three months	1,400	1
	<b>1,452</b>	<b>3</b>

For the purpose of the consolidated cash flow statement, cash and cash equivalents comprise of following:-

Particulars	As at March 31, 2020	As at March 31, 2019
Cash & Cash equivalent as per balance sheet	1,452	3
Bank overdraft	(331)	(57)
	<b>1,121</b>	<b>(54)</b>

# Notes to Consolidated Financial Statements

for the year ended March 31, 2020

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## Reconciliation of cash flow from financing activities for the year ended March 31, 2020

Particulars	Lease Liabilities	Short Term Borrowings	Dividend including tax	Interest	Treasury shares	Total
<b>As at April 1, 2019 (A)</b>	<b>21,548</b>	-	-	-	(240)	<b>21,308</b>
Cash Activities						
- Payments	(3,382)	-	(30,986)	(1,300)	(46)	(35,714)
- Proceeds	-	23,853	-	-	7	23,860
<b>Total Cash Activities (B)</b>	<b>(3,382)</b>	<b>23,853</b>	<b>(30,986)</b>	<b>(1,300)</b>	<b>(39)</b>	<b>(11,854)</b>
Non Cash Activities						
- Accrued	1,437	-	30,986	1,357	38	33,818
- Additons(Net of terminations)	2,485	-	-	-	-	2,485
<b>Total Non Cash Activites (C)</b>	<b>3,922</b>	-	<b>30,986</b>	<b>1,357</b>	<b>38</b>	<b>36,303</b>
<b>Balance as at March 31, 2020 (A+B+C)</b>	<b>22,088</b>	<b>23,853</b>	-	<b>57</b>	<b>(241)</b>	<b>45,757</b>

## Reconciliation of cash flow from financing activities for the year ended March 31, 2019

Particulars	Lease Liabilities	Short Term Borrowings	Dividend including tax	Interest	Treasury shares	Total
<b>As at April 1, 2018 (A)</b>	-	-	-	-	(289)	<b>(289)</b>
Cash Activities						
- Payments	-	(4,000)	(47,929)	(18)	-	(51,947)
- Proceeds	-	4,000	-	-	-	4,000
<b>Total Cash Activities (B)</b>	-	-	<b>(47,929)</b>	<b>(18)</b>	-	<b>(47,947)</b>
Non Cash Activities						
- Accrued	-	-	47,929	18	49	47,996
- Additons(Net of terminations)	-	-	-	-	-	-
<b>Total Non Cash Activites (C)</b>	-	-	<b>47,929</b>	<b>18</b>	<b>49</b>	<b>47,996</b>
<b>Balance as at March 31, 2019 (A+B+C)</b>	-	-	-	-	<b>(240)</b>	<b>(240)</b>

## 13. Other bank balances

Particulars	As at March 31, 2020	As at March 31, 2019
Fixed deposits with original maturity less than twelve months	18	14
	<b>18</b>	<b>14</b>

# Notes to Consolidated Financial Statements

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## 14. Other current assets

Particulars	As at March 31, 2020	As at March 31, 2019
Advance to supplier	1,839	1,994
Other taxes recoverable	429	306
Prepaid expenses	173	193
Others	16	22
	<b>2,457</b>	<b>2,515</b>

“Advance to supplier” is net of provision of ₹ 63 Mn (March 31, 2019 - ₹ 73 Mn). “Other Taxes recoverable” is net of provision of ₹ 18 Mn (March 31, 2019 - ₹ 44 Mn)

## 15. Share capital

### a) Equity share capital:

Particulars	As at March 31, 2020	As at March 31, 2019
<b>Authorized Shares</b>		
3,500,000,000 equity shares of ₹ 10 each (3,500,000,000 equity shares as at March 31, 2019)	35,000	35,000
<b>Issued, subscribed and fully paid-up shares</b>		
1,849,608,246 equity shares of ₹ 10 each fully paid-up (March 31, 2019: 1,849,608,246 equity shares)	18,496	18,496
	<b>18,496</b>	<b>18,496</b>

### b) Terms/ rights attached to equity shares:

The Company has only one class of equity shares having par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividend in Indian rupees.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive any of the remaining assets of the Company in proportion to the number of equity shares held by the shareholders, after distribution of all preferential amounts.

During FY 2018-19, the Board of Directors, in its meeting held on April 23, 2018, proposed a final dividend of ₹ 14 per equity share for FY 2017-18 and the same was approved by the shareholders at the Annual General Meeting held on July 24, 2018. Further, the Board of directors of the Company at its meeting held on October 24, 2018 had declared an interim dividend of ₹ 7.50 per equity share which was paid subsequently.

During FY 2019-20, the Board of Directors has declared an interim dividend of ₹ 7.50 per equity share for the financial year 2018-19 in its meeting held on April 24, 2019 and ₹ 3.65 and ₹ 2.75 per equity share for the financial year 2019-20 in its meetings held on August 12, 2019 and December 10, 2019 respectively which have been paid subsequently. Further, the Board of Directors in its meeting held today i.e. April 23, 2020 has declared 3<sup>rd</sup> interim dividend of ₹ 4.10 per equity share for financial year 2019-20.

# Notes to Consolidated Financial Statements

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(Amounts in millions of Indian Rupees; unless stated otherwise)

**c) Shares held by holding Company:**

Particulars	As at March 31, 2020		As at March 31, 2019	
	No.	₹ Million	No.	₹ Million
<b>Equity shares of ₹ 10 each fully paid</b>				
Bharti Airtel Limited	620,898,728	6,209	620,898,728	6,209

**d) Details of shareholders holding more than 5% shares in the Company:**

Particulars	As at March 31, 2020		As at March 31, 2019	
	No.	% holding	No.	% holding
<b>Equity shares of ₹ 10 each fully paid</b>				
Bharti Airtel Limited	620,898,728	33.57%	620,898,728	33.57%
Nettle Infrastructure Investments Limited	368,882,251	19.94%	368,882,251	19.94%
Silverview Portfolio Investments Pte. Ltd.	130,803,065	7.07%	130,803,065	7.07%
<b>Total</b>	<b>1,120,584,044</b>	<b>60.58%</b>	<b>1,120,584,044</b>	<b>60.58%</b>

**e) Aggregate number of bonus shares issued and shares issued for consideration other than cash during the period of five years immediately preceding the reporting date:**

During the year ended March 31, 2013, the Company further allotted 1,161,605,820 equity shares as fully paid bonus shares by capitalization of securities premium account.

During the year ended March 31, 2016, the Company allotted 2,897,776 equity shares (2014-15, 2013-14 and 2012-13 - 4,468,180, 558,059 and 100,212 equity shares respectively) of ₹ 10 each to its employees on exercise of stock options under the Employee Stock Option Plan 2008 wherein part consideration was received in form of employee services, refer note 36.

**f) Aggregate number and class of shares bought back during the period of five years immediately preceding the reporting date:**

During the year ended March 31, 2017, the Company brought back 47,058,823 equity shares of ₹ 10 each by way of tender offer through stock exchange mechanism for cash at price of ₹ 425 per equity share.

**g) Shares reserved for issue under options:**

For details of shares reserved for issue under the employee stock option plan (ESOP) of the Company, refer note 36.



# Notes to Consolidated Financial Statements

for the year ended March 31, 2020

(Amounts in millions of Indian Rupees; unless stated otherwise)

## 16. Other equity

Particulars	As at March 31, 2020	As at March 31, 2019
Securities premium	48,838	48,838
Treasury shares	(241)	(240)
Share based payment reserve	60	68
Capital redemption reserve	471	471
General reserve	58,298	58,747
Retained earnings	9,554	18,870
Other comprehensive income	(53)	66
	<b>116,927</b>	<b>126,820</b>

### a) Securities premium

Securities premium reserve is used to record the premium on issue of shares. The reserve is utilised in accordance with the provisions of the Companies Act, 2013.

### b) Share based payment reserves

This relates to share options granted by the Company to its employees under its employee share options plan.

### c) Capital redemption reserve

Capital redemption reserve was created on buy back of shares. A company may issue fully paid up bonus shares to its members out of Capital redemption reserve account.

### d) General reserve

General reserve was created out of Composite Scheme of arrangement with Bharti Airtel Limited.

## 17. Lease Liabilities

Particulars	Amount
<b>Balance as at April 1, 2019</b>	<b>21,548</b>
Additions during the year	5,757
Deletions during the year	(3,272)
Interest accrued during the year	1,437
Payment of lease liabilities	(3,382)
<b>Balance as at March 31, 2020</b>	<b>22,088</b>
Current	2,414
Non Current	19,674

# Notes to Consolidated Financial Statements

for the year ended March 31, 2020

(Amounts in millions of Indian Rupees; unless stated otherwise)

## 18. Other financial liabilities, non-current

Particulars	As at March 31, 2020	As at March 31, 2019
Security deposits	635	2,430
	<b>635</b>	<b>2,430</b>

The above security deposit is the fair value of total security deposit at transaction value for ₹ 1,018 Mn as at March 31, 2020 (March 31, 2019 ₹ 3,557 Mn).

“Security deposits” include transaction value of ₹ 504 Mn (March 31, 2019 - ₹ 2,056 Mn) amounts received from related parties. For details, refer note 42.

## 19. Provisions

### a) Long term provisions

Particulars	As at March 31, 2020	As at March 31, 2019
Asset retirement obligation (ARO)	2,805	2,538
Gratuity (refer note 35)	202	156
Long term service award	16	29
	<b>3,023</b>	<b>2,723</b>

The Group uses various premises on lease to install plant and equipment. Provision is recognised for the costs to be incurred for the restoration of these premises at the end of the lease period. It is expected that this provision will be utilized at the end of the lease period of the respective sites as per the respective lease agreements. The movement of provision in accordance with Ind AS 37 on ‘Provisions, Contingent liabilities and Contingent Assets’ is given below:

Particulars	As at March 31, 2020	As at March 31, 2019
Opening Balance	2,538	2,322
Provision during the year	53	17
Unwinding of discount on ARO	214	199
<b>Closing Balance</b>	<b>2,805</b>	<b>2,538</b>

# Notes to Consolidated Financial Statements

for the year ended March 31, 2020

(Amounts in millions of Indian Rupees; unless stated otherwise)

## b) Short term provisions

Particulars	As at March 31, 2020	As at March 31, 2019
Gratuity (refer note 35)	52	49
Leave encashment	148	91
	<b>200</b>	<b>140</b>

## 20. Other non-current liabilities

Particulars	As at March 31, 2020	As at March 31, 2019
Deferred lease-security deposit	318	858
Unearned revenue	413	450
	<b>731</b>	<b>1,308</b>

## 21. Borrowings

Particulars	As at March 31, 2020	As at March 31, 2019
<b>Unsecured</b>		
Short term loans	23,853	-
Bank overdraft	331	57
	<b>24,184</b>	<b>57</b>

The Bank overdraft is repayable on demand and carries interest rate of 8.70% per annum. The short term borrowings have been taken from banks, financial institutions and carries interest rate ranging from 7.40% to 8.80% per annum.

## 22. Trade payables

- Trade Payable include ₹ 116 Mn, (March 31, 2019 - ₹ 84 Mn) payable to parent & fellow subsidiary company and includes ₹ 32 Mn (March 31, 2019 - ₹ 74 Mn) payable to other related parties. For details, refer note 42.
- Details of dues to micro, small and medium enterprises as defined under the MSMED Act, 2006

# Notes to Consolidated Financial Statements

for the year ended March 31, 2020

(Amounts in millions of Indian Rupees; unless stated otherwise)

Particulars	As at March 31, 2020	As at March 31, 2019
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year		
Principal amount due to micro and small enterprises	189	26
Interest due on above	-	-
	<b>189</b>	<b>26</b>
The amount of interest paid by the buyer in terms of section 16 of the Micro Small and Medium Enterprise Development Act, 2006, along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year	-	-
The 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 period/ year) but without adding the interest specified under Micro Small and Medium Enterprise Development Act, 2006	-	-
The amount of interest accrued and remaining unpaid at the end of each accounting year	3	35
The 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 Micro Small and Medium Enterprise Development Act, 2006	-	-

Dues to micro and small enterprises have been determined to the extent such parties have been identified on the basis of information collected by management. This has been relied upon by the auditors.

## 23. Other financial liabilities

Particulars	As at March 31, 2020	As at March 31, 2019
Equipment supply payables	1,194	1,081
Payable to employees	241	234
Book overdraft	3	158
Creditors for capital expenditure	813	704
	<b>2,251</b>	<b>2,177</b>

# Notes to Consolidated Financial Statements

for the year ended March 31, 2020

(Amounts in millions of Indian Rupees; unless stated otherwise)

## 24. Other current liabilities

Particulars	As at March 31, 2020	As at March 31, 2019
Accrued expenses	4,085	3,088
Other taxes payable	447	1,027
Unearned revenue	236	138
Liability for cash settled options (refer note 36)	2	10
Others	83	134
	<b>4,853</b>	<b>4,397</b>

## 25. Revenue from Operations

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
<b>Sale of services</b>		
Rent	42,329	39,880
Energy (including recoveries for rates and taxes)	25,101	28,382
	<b>67,430</b>	<b>68,262</b>

## 26. Other income

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Interest income (others)	389	213
Profit on sale of property plant and equipment	384	530
Miscellaneous income	514	272
	<b>1,287</b>	<b>1,015</b>

## 27. Power and fuel

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Network	23,646	25,581
Others	26	26
	<b>23,672</b>	<b>25,607</b>

# Notes to Consolidated Financial Statements

for the year ended March 31, 2020

(Amounts in millions of Indian Rupees; unless stated otherwise)

## 28. Rent

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Network	-	3,294
Others	-	152
	<b>-</b>	<b>3,446</b>

\*As per Ind AS 116 operating lease rent has been changed to depreciation cost for the right of use assets and finance cost for interest accrued on lease liability. For details refer note 52.

## 29. Employee benefit expenses

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Salaries, wages and bonus	2,726	2,655
Contribution to provident fund	83	82
Equity settled/cash settled option expense	17	25
Staff welfare expenses	88	101
Others	21	52
	<b>2,935</b>	<b>2,915</b>

“Salaries, wages and bonus” includes gratuity and other post-employment benefits. For details, refer note 35. Further, for details of employee stock/cash option expense, refer note 36.

## 30. Repairs and maintenance

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Repair and maintenance		
- Plant and machinery	1,986	2,485
- Building	-	4
- Others	517	797
	<b>2,503</b>	<b>3,286</b>



# Notes to Consolidated Financial Statements

for the year ended March 31, 2020

(Amounts in millions of Indian Rupees; unless stated otherwise)

## 31. Other expenses

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Insurance	97	89
Travelling and conveyance	140	160
Communication expenses	32	102
Legal and professional	517	483
IT expenses	403	344
Provision for doubtful debts and advances (net)	675	(934)
Bad Debts Written off	-	887
Miscellaneous expenses		
- Network	189	90
- Others	91	121
	<b>2,144</b>	<b>1,342</b>

## 32. Depreciation and amortization expense

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Depreciation	13,141	11,021
Amortization	76	43
	<b>13,217</b>	<b>11,064</b>
Less: adjusted with general reserve in accordance with the scheme of arrangement with Bharti Airtel Limited (refer note 43(a))	(402)	(406)
	<b>12,815</b>	<b>10,658</b>

## 33. Finance costs and Income

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
<b>Finance costs</b>		
Interest cost	1,357	62
Bank charges	4	4
Unwinding of discount on asset retirement obligation	214	199
Unwinding of discount on security deposit received	338	264
Interest on lease liabilities	1,437	-
	<b>3,350</b>	<b>529</b>

# Notes to Consolidated Financial Statements

for the year ended March 31, 2020

(Amounts in millions of Indian Rupees; unless stated otherwise)

## 33. Finance costs and Income (Contd.)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
<b>Finance income</b>		
<b>Interest income on financial assets carried at amortized cost</b>		
Interest on bank deposit	16	184
Interest on security deposit paid	60	39
<b>Interest income on financial assets carried at fair value through other comprehensive income</b>		
Interest on tax free bonds	47	145
Interest on certificate of deposits	-	52
Interest on commercial paper	-	60
<b>Interest income on financial assets carried at fair value through profit or loss</b>		
Interest on government securities	397	922
Interest on taxable bonds	10	75
Interest on non convertible debentures	-	11
Gain/(loss) on investments (including MTM gain/(loss))	2,840	2,918
	<b>3,370</b>	<b>4,406</b>

## 34. Earnings per Share (EPS)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Nominal value of equity shares (₹)	10	10
Profit attributable to equity shareholders for computing Basic and Dilutive EPS (A) (₹ Million)	32,987	24,938
Weighted average number of equity shares outstanding during the year for computing Basic EPS (B)	1,849,025,444	1,848,913,064
Dilutive effect on weighted average number of equity shares outstanding during the year	106,483	92,479
Weighted average number of equity shares and equity equivalent shares for computing Diluted EPS (C)	1,849,131,927	1,849,005,543
Basic earnings per share (A/B) (₹)	17.840	13.488
Diluted earnings per share (A/C) (₹)	17.839	13.487

# Notes to Consolidated Financial Statements

for the year ended March 31, 2020

(Amounts in millions of Indian Rupees; unless stated otherwise)

## 35. Employee benefits

The Group has recognised the following amounts in the consolidated statement of profit and loss:

### Defined contribution plan

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Employer's contribution to Provident Fund	83	82
	<b>83</b>	<b>82</b>

### Defined benefit plan

Gratuity liability is defined benefit obligation and is provided for on the basis of an actuarial valuation on projected unit credit method made at the end of each reporting period. The plan is not funded by the Group. Such liability is included in salaries, wages and bonus (refer note 29).

### Gratuity

#### i. Amount charged to the consolidated statement of profit and loss:

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Service cost	35	31
Interest cost	16	15
	<b>51</b>	<b>46</b>

#### ii. Due to its defined benefit plans, the Group 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.

#### iii. The assumptions used to determine the benefit obligation are as follows:

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Discount rate	6.90%	7.65%
Expected rate of increase in compensation levels	9.00%	9.00%
Expected average remaining working lives of employees (years)	21.99	22.41

# Notes to Consolidated Financial Statements

for the year ended March 31, 2020

(Amounts in millions of Indian Rupees; unless stated otherwise)

## iv. Reconciliation of opening and closing balances of defined benefit obligation:

Particulars	As at March 31, 2020	As at March 31, 2019
Present value of benefit obligation as at the beginning of year	204	194
Service cost	35	31
Interest cost	16	15
Benefits paid	(13)	(22)
Actuarial (gain)/ loss	16	(8)
Acquisition Adjustment	(4)	(6)
<b>Present value of benefit obligation as at the end of year</b>	<b>254</b>	<b>204</b>

## v. Amount recognised in Other Comprehensive Income:

Particulars	As at March 31, 2020	As at March 31, 2019
Opening net cumulative unrecognised	(3)	(11)
Actuarial gain/(loss)	(16)	8
<b>Unrecognised actuarial gain/(loss) at the end of year</b>	<b>(19)</b>	<b>(3)</b>

- vi. The discount rate is based on the average yield on government bonds at the reporting date with a term that matches that of the liabilities.
- vii. The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.
- viii. Estimated amounts of expense to be recognized within next year are ₹ 52 Mn (March 31, 2019 – ₹ 47 Mn).
- ix. The table below discloses maturity profile of defined benefit obligation is as follows: -

Period	Amount
April 2020 - March 2021	52
April 2021 - March 2022	7
April 2022 - March 2023	5
April 2023 - March 2024	5
April 2024 onwards	185

# Notes to Consolidated Financial Statements

for the year ended March 31, 2020

(Amounts in millions of Indian Rupees; unless stated otherwise)

## x. Sensitivity analysis: -

Particulars	Change in Assumption		Impact on Gratuity	
	Year ended		Year ended	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
Discount rate	+1%	+1%	(19)	(11)
	-1%	-1%	22	12
Salary Growth rate	+1%	+1%	21	12
	-1%	-1%	(18)	(11)

The above sensitivity analysis is based on a change in an assumption by a percentage while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. While calculating the sensitivity of the defined benefit obligation to significant actuarial assumption, same method i.e. Projected Unit Credit method has been applied as when calculating the gratuity liability recognized within the Balance sheet.

## 36. Employee stock/cash option plans

Pursuant to the board resolution dated July 22, 2008 and the resolution of the shareholders in extraordinary general meeting dated August 28, 2008, the Group instituted the Employee Stock Option Scheme 2008 (the 2008 Scheme).

In FY 2013-14 and 2014-15, the Company had announced new performance unit plan (cash settled option plan) for its employees. In FY 2015-16, 2016-17, 2017-18, 2018-19 and 2019-20, the Company has announced Long term incentive plan (LTIP) 2015, Long term incentive plan (LTIP) 2016, Long term incentive plan (LTIP) 2017, Long term incentive plan (LTIP) 2018 and Long term incentive plan (LTIP) 2019 respectively for its employee.

The following table provides an overview of all existing stock/cash option plans of the Group:

Scheme	Plan	Stock options outstanding (in thousands)	Vesting period (years)	Contractual term (years)	Weighted average exercise price (₹)	Classification/ accounting treatment
<b>Equity settled plans</b>						
Infratel plan	2008 Plan	47	1 - 5	7	110	Equity settled
Infratel plan	Long term incentive plan (LTIP)	-	1 - 3	7	10	Equity settled
Infratel plan	Long term incentive plan (LTIP) 2015 (Grant 2015)	12	1 - 3	7	10	Equity settled
Infratel plan	Long term incentive plan (LTIP) 2015 (Grant 2016)	20	1 - 3	7	10	Equity settled
Infratel plan	Long term incentive plan (LTIP) 2015 (Grant 2017)	44	1 - 3	7	10	Equity settled
Infratel plan	Long term incentive plan (LTIP) 2015 (Grant 2018)	122	1 - 3	7	10	Equity settled
Infratel plan	Long term incentive plan (LTIP) 2015 (Grant 2019)	135	1 - 3	7	10	Equity settled
<b>Cash settled plans</b>						
Infratel	Performance Unit Plan (2013 and 2014)	7	1 - 3	7	-	Cash settled

# Notes to Consolidated Financial Statements

for the year ended March 31, 2020

(Amounts in millions of Indian Rupees; unless stated otherwise)

The following table provides details of vesting schedule (graded vesting) of all the existing stock/cash option plans of the Group:-

Scheme	Vesting period from the grant date	Vesting schedule
<b>1. ESOP Scheme 2008 (including LTIP)</b>		
For options with a vesting period of 36 months:		
	On completion of 12 months	30%
	On completion of 24 months	30%
	On completion of 36 months	40%
For options with a vesting period of 48 months:		
	On completion of 12 months	15%
	On completion of 24 months	20%
	On completion of 36 months	30%
	On completion of 48 months	35%
For options with a vesting period of 60 months:		
	On completion of 12 months	20%
	On completion of 24 months	20%
	On completion of 36 months	20%
	On completion of 48 months	20%
	On completion of 60 months	20%
<b>2. Performance unit plan (Cash settled plan)</b>		
For options with a vesting period of 36 months:		
	On completion of 12 months	30%
	On completion of 24 months	30%
	On completion of 36 months	40%
<b>3. Long term incentive plan (LTIP) 2015 (Grant 2015)</b>		
For options with a vesting period of 36 months:		
	On completion of 12 months	30%
	On completion of 24 months	30%
	On completion of 36 months	40%
<b>4. Long term incentive plan (LTIP) 2015 (Grant 2016)</b>		
For options with a vesting period of 36 months:		
	On completion of 12 months	30%
	On completion of 24 months	30%
	On completion of 36 months	40%
<b>5. Long term incentive plan (LTIP) 2015 (Grant 2017)</b>		
For options with a vesting period of 36 months:		
	On completion of 12 months	30%
	On completion of 24 months	30%
	On completion of 36 months	40%



# Notes to Consolidated Financial Statements

for the year ended March 31, 2020

(Amounts in millions of Indian Rupees; unless stated otherwise)

The following table provides details of vesting schedule (graded vesting) of all the existing stock/cash option plans of the Group:- (Contd..)

Scheme	Vesting period from the grant date	Vesting schedule
<b>6. Long term incentive plan (LTIP) 2015 (Grant 2018)</b>		
For options with a vesting period of 36 months:		
	On completion of 12 months	30%
	On completion of 24 months	30%
	On completion of 36 months	40%
<b>7. Long term incentive plan (LTIP) 2015 (Grant 2019)</b>		
For options with a vesting period of 28 months:		
	On completion of 12 months	60%
	On completion of 28 months	40%

Information concerning the movement in stock options during the year and outstanding at the year end is as follows:

Particulars	As at March 31, 2020		As at March 31, 2019	
	Number of stock options (In '000)	Exercise price (₹)	Number of stock options (In '000)	Exercise price (₹)
<b>Company</b>				
<b>Plan 2008</b>				
Outstanding at beginning of the year	58	110	108	110
Granted	-	-	-	-
Forfeited	(2)	110	(1)	110
Exercised	(10)	110	(49)	110
Outstanding at the year end	46	110	58	110
Exercisable at end of the year	46	110	58	110
<b>LTI Plan (Part of 2008 plan)</b>				
Outstanding at beginning of the year	-	-	-	-
Granted	-	-	-	-
Forfeited	-	-	-	-
Exercised	-	-	-	-
Expired	-	-	-	-
Outstanding at the year end	-	-	-	-
Exercisable at end of the year	-	-	-	-
<b>Cash settled Plan (2013 and 2014)</b>				
Outstanding at beginning of the year	23	NA	23	NA
Granted	-	-	-	-
Forfeited	-	-	-	-
Exercised	(16)	NA	-	-
Outstanding at the year end	7	NA	23	NA
Exercisable at end of the year	7	NA	23	NA

# Notes to Consolidated Financial Statements

for the year ended March 31, 2020

(Amounts in millions of Indian Rupees; unless stated otherwise)

Information concerning the movement in stock options during the year and outstanding at the year end is as follows: (Contd..)

Particulars	As at March 31, 2020		As at March 31, 2019	
	Number of stock options (In '000)	Exercise price (₹)	Number of stock options (In '000)	Exercise price (₹)
<b>LTI Plan 2015 (Grant 2015)</b>				
Outstanding at beginning of the year	17	10	45	10
Granted	-	-	-	-
Forfeited	-	10	(4)	10
Exercised	(4)	10	(24)	10
Outstanding at the year end	12	10	17	10
Exercisable at end of the year	12	10	17	10
<b>LTI Plan 2015 (Grant 2016)</b>				
Outstanding at beginning of the year	46	10	83	10
Granted	-	-	-	-
Forfeited	-	10	(13)	10
Exercised	(25)	10	(24)	10
Outstanding at the year end	20	10	46	10
Exercisable at end of the year	20	10	17	10
<b>LTI Plan 2015 (Grant 2017)</b>				
Outstanding at beginning of the year	74	10	110	10
Granted	-	-	-	-
Forfeited	(5)	10	(21)	10
Exercised	(24)	10	(15)	10
Outstanding at the year end	44	10	74	10
Exercisable at end of the year	15	10	14	10
<b>LTI Plan 2015 (Grant 2018)</b>				
Outstanding at beginning of the year	158	-	-	-
Granted	-	10	158	10
Forfeited	(13)	-	-	-
Exercised	(22)	-	-	-
Outstanding at the year end	122	10	158	10
Exercisable at end of the year	25	-	-	-
<b>LTI Plan 2015 (Grant 2019)</b>				
Outstanding at beginning of the year	-	-	-	-
Granted	135	10	-	-
Forfeited	-	-	-	-
Exercised	-	-	-	-
Outstanding at the year end	135	10	-	-
Exercisable at end of the year	-	-	-	-

# Notes to Consolidated Financial Statements

for the year ended March 31, 2020

(Amounts in millions of Indian Rupees; unless stated otherwise)

The following table summarises information about weighted average remaining contractual life, weighted average fair value and weighted average share price for the options:

Plan	Weighted average remaining contractual life for the options outstanding as of (years)		Weighted average share price for the options granted during the year ended (₹)		Weighted average share price for the options exercised during the year ended (₹)	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
<b>Equity settled plans</b>						
Plan 2008	1.29	2.17	-	-	251.92	278.61
LTI Plan (Part of 2008 plan)	-	-	-	-	-	-
LTI plan 2015 (Grant 2015)	4.94	6.01	-	-	251.16	292.96
LTI plan 2015 (Grant 2016)	5.71	6.88	-	-	247.60	291.83
LTI plan 2015 (Grant 2017)	6.81	7.61	-	-	248.78	265.83
LTI plan 2015 (Grant 2018)	7.58	8.44	-	258.29	247.85	-
LTI plan 2015 (Grant 2019)	8.53	-	131.03	-	-	-
<b>Cash settled plans</b>						
PUP 2013 and 2014	4.33	4.59	-	-	266.08	-

The fair value of the options granted during the year was estimated using the Black Scholes method of valuation with the following assumptions:

Particulars	LTIP Plan 2015 (Grant 2019)	LTIP Plan 2015 (Grant 2018)
	As at March 31, 2020	As at March 31, 2019
Risk free interest rates	4.2% to 6.56%	6.21% to 8.03%
Vesting period	28 months	36 months
Weighted average share price (₹)	131.03	220.20
Volatility	28.26%	29.06%
Dividend yield	7.06%	4.74%

Total employee stock/cash options expense recognised for the year ended March 31, 2020 and March 31, 2019 is ₹ 17 Mn and ₹ 25 Mn, respectively.

#### Notes:

- (i) The Group has decided to issue equity shares on exercise of ESOPs through ESOP trust. The loan has been given to ESOP trust to purchase these Equity Shares of the Company from open market as permitted by SEBI (Share Based Employee Benefits) Regulations, 2014.
- (ii) During FY 2014-15, Bharti Infratel Employee Welfare Trust (a trust set up for administration of Employee Stock Option Plan ('ESOP') of the Group) has acquired 1,652,000 equity shares of the Company from the open market at an average price of ₹ 377.72 per share and during FY 2019-20, Bharti Infratel Employee Welfare Trust has acquired 237,000 shares of the Company from the open market at an average price of ₹ 194.93 per share and sold 35,330 shares at an average price of ₹ 193.74 per share. As of March 31, 2020, Bharti Infratel Employee Welfare Trust ('the Trust') holds 737,977 shares (Face Value of ₹ 10 each) (March 31, 2019: 636,660 equity shares) of the Company.

# Notes to Consolidated Financial Statements

for the year ended March 31, 2020

(Amounts in millions of Indian Rupees; unless stated otherwise)

Particulars	As at	As at	As at	As at
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
	Number of Shares		₹ Million	
Opening Balance	636,660	762,110	240	289
Purchased during the year	237,000	-	46	-
Share sold during the year	(35,330)	-	(13)	-
Issued during the year	(100,353)	(125,450)	(38)	(49)
<b>Closing Balance (Amount at cost)</b>	<b>737,977</b>	<b>636,660</b>	<b>235</b>	<b>240</b>

## 37. Leases

The Group has given sites on operating lease to telecom operators. As per the agreements with the operators the escalation rates range from 0% to 2.5% per annum. The service charges recognised as income during the year for non-cancellable arrangements relating to provision for passive infrastructure sites as per the agreements is ₹ 42,329 Mn and ₹ 39,888 Mn for the year ended March 31, 2020 and March 31, 2019 respectively.

Particulars	As at	As at
	March 31, 2020	March 31, 2019
<b>Future minimum lease payments:</b>		
Not Later than one year	35,396	35,285
Later than one year but not later than five years	103,938	112,923
Later than five years	34,267	34,622
	<b>173,601</b>	<b>182,830</b>

## 38. Contingencies

### a. Guarantees

The financial bank guarantees have been issued to regulatory authorities.

Particulars	As at	As at
	March 31, 2020	March 31, 2019
Total guarantees issued by banks and financials institutions on behalf of the Group	53	51
<b>Total</b>	<b>53</b>	<b>51</b>

# Notes to Consolidated Financial Statements

for the year ended March 31, 2020

(Amounts in millions of Indian Rupees; unless stated otherwise)

## b. Claims against the group not acknowledged as debt

Particulars	As at March 31, 2020	As at March 31, 2019
a) Taxes, duties and other demands (under adjudication / appeal / dispute) <sup>®</sup>		
- Sales tax (refer to a below) <sup>#</sup>	2	2
- Stamp duty (refer to b below)	192	192
- Entry tax (refer to c below)	1,966	2,375
- Municipal taxes (refer to d below)	1,817	1,543
- Service tax (refer to e below)	16,631	16,457
b) Other claims under legal cases including arbitration matters (refer to f below)	139	469
c) Income tax matters (refer to g below) <sup>#</sup>	247	5
<b>Total</b>	<b>20,994</b>	<b>21,043</b>

In addition to the above, the Group's share of joint ventures contingent liabilities is ₹ 41,704 Mn and ₹ 23,894 Mn as of March 31, 2020 and March 31, 2019 respectively.

<sup>®</sup>the amount includes demand amount and interest till the date of demand.

<sup>#</sup>Includes ₹ 2 Mn (Sales tax) (March 31, 2019 - ₹ 2 Mn) and ₹ 247 Mn (Income tax) (March 31, 2019 - ₹ 5 Mn) for which the possibility of tax demand materializing is remote, based on internal assessment of the Group.

Unless otherwise stated below, the management based on legal advice believes that, the outcome of these contingencies will be favorable and loss is not probable.

### a) Sales tax/GST

The claims for sales tax comprise of the case relating to levy of demand in vehicle seizure case & non submission of concessional forms.

### b) Stamp duty

The Group had received demand in certain states for stamp duty on execution of Leave and License Agreement of Cell Sites.

### c) Entry tax

Hon'ble Apex Court on November 11, 2016 while upholding the constitutional validity of entry tax levied by few States wherever its applicable, referred all the cases back to regular benches of the Court/s to decide all existing cases on merits while testing inter alia that whether the present levies in each such case/ State is discriminatory in nature or not.

Accordingly, all the said cases were listed before the regular bench of Supreme Court wherein after taking up all pending cases on State by State basis court have found that prima facie inter alia discrimination issues still exists and all the listed petitions have been remanded back with direction, to file fresh writ petitions before respective High Courts on the ground of discrimination as well as other directions as laid down in the aforesaid judgment of nine member bench of Hon'ble Supreme Court. The Group has filed fresh writ petition in the state of Orissa, Madhya Pradesh, Chhattisgarh, Rajasthan, Mizoram and Assam and amended the pending petitions in the states of Mizoram, Bihar and Jammu & Kashmir. The amendment has been allowed in the states of Jammu & Kashmir and Mizoram and pending in the state of Bihar. Pending disposition of each case by the High Courts, the Group has decided to maintain 'Status Quo' on its position/assessment.

# Notes to Consolidated Financial Statements

for the year ended March 31, 2020

(Amounts in millions of Indian Rupees; unless stated otherwise)

During the quarter ended March 31, 2020, Company has opted Bihar Settlement Scheme to settle the pending Entry tax litigation amounting to ₹ 1,041 Mn, out of which a provision of ₹ 574 Mn has been recognised.

## d) Municipal taxes

The Group based on its assessment of the applicability and tenability of certain municipal levies, which is an industry wide phenomenon, does not consider the impact of such levies to be material.

Further, in the event these levies are confirmed by the respective government authorities, the Group would recover these amounts from its customers in accordance with the terms of Master Service Agreement.

## e) Service tax

The Service tax department had issued certain orders for the disallowance of cenvat credit availed on Inputs, Capital Goods and Input Services for the period starting from August, 2007 to March, 2014 and follow up orders for the financial years 2014-15 and 2015-16. The Group has filed writ petition before Hon'ble High Court of Delhi which was allowed in favour of the Company vide order dated October 31, 2018 wherein it was held that towers are movable in nature and Cenvat credit can be availed on receipt of such goods. Further, the Department has filed SLP against the favorable order of Delhi HC and tagged the SLP with pending matter on similar issue of telecom operators.

On the similar matter, there are contrary judgements by the Hon'ble High Court of Bombay in the case of few telecom operators against which, such operators have filed SLP before Hon'ble Supreme Court. These matters are pending before Supreme Court for final decision.

In separate proceeding before Directorate General of Central Excise Intelligence, the department had issued order for disallowance of Cenvat credit on items sold as scrap for the financial years 2014-15 to June 2017 against which the Group has filed appeal before CESTAT.

## f) Other claims mainly include site related legal disputes

## g) Income tax matters

This pertains to tax demands for the AY 2011-12 and 2017-18 mainly on account of disallowance of expenditure u/s 14A related to exempt income.

## 39. Capital commitment

Particulars	As at March 31, 2020	As at March 31, 2019
Estimated amount of contracts to be executed on capital account and not provided for in the financial statements (net of capital advances)	1,636	1,309
	<b>1,636</b>	<b>1,309</b>

In addition to the above, the Group's share of joint ventures capital commitment is ₹ 1,505 Mn and ₹ 1,069 Mn as of March 31, 2020 and March 31, 2019 respectively.



# Notes to Consolidated Financial Statements

for the year ended March 31, 2020

(Amounts in millions of Indian Rupees; unless stated otherwise)

## 40. Fair value of financial assets and liabilities

Set out below is the comparison by class of the carrying amounts and fair value of the Group's financial instruments that are recognised in the financial statements.

Particulars	Carrying Amount		Fair Value	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
<b>Financial Assets</b>				
<b>At fair value through profit or loss</b>				
Investment in government securities	2,940	12,218	2,940	12,218
Investment in mutual funds	51,443	32,830	51,443	32,830
Investment in taxable bonds	-	801	-	801
<b>At fair value through other comprehensive income</b>				
Investment in tax free bonds	-	2,124	-	2,124
<b>At amortised cost</b>				
Cash and cash equivalents	1,452	3	1,452	3
Other bank balance	18	14	18	14
Trade receivables	7,721	5,509	7,721	5,509
Other financial assets	5,916	6,571	5,916	6,571
	<b>69,490</b>	<b>60,070</b>	<b>69,490</b>	<b>60,070</b>
<b>Financial Liabilities</b>				
<b>At amortised cost</b>				
Borrowings	24,184	57	24,184	57
Trade payables	8,091	10,833	8,091	10,833
Lease liabilities	22,088	-	22,088	-
Other financial liabilities	2,886	4,607	2,886	4,607
	<b>57,249</b>	<b>15,497</b>	<b>57,249</b>	<b>15,497</b>

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

- The carrying value of cash and cash equivalents, other bank balances, trade receivables, borrowings and trade payables approximate their fair value mainly due to the short-term maturities of these instruments.
- The fair values of financial assets classified as fair value through profit or loss like investment in mutual funds, taxable bonds, non-convertible debenture and government securities is based on quoted market price / net asset values at the reporting date.
- The fair value of security deposits included in other financial assets & other financial liabilities and lease liabilities is estimated by discounting future cash flows using rates applicable to instruments with similar terms, currency, credit risk and remaining maturities. The fair values of other financial assets and other financial liabilities (other than security deposits) are assessed by the management to be same as their carrying value and is not expected to be significantly different if estimated by discounting future cash flows using rates currently available for debt on similar terms, credit risk and remaining maturities.
- The fair value of financial asset classified as fair value through other comprehensive income like Investment in tax free bonds etc are based on market value / net asset values at the reporting date.

There are no significant unobservable inputs used in the fair value measurement.

# Notes to Consolidated Financial Statements

for the year ended March 31, 2020

(Amounts in millions of Indian Rupees; unless stated otherwise)

## 41. Fair value hierarchy

All financial instruments for which fair value is recognised or disclosed are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole;

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

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

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

The following table presents the financial instruments measured at fair value, by level within the fair value measurement hierarchy:

Particulars	As at March 31, 2020		As at March 31, 2019	
	Level 1	Level 2	Level 1	Level 2
<b>Fair Value through Profit or loss</b>				
Investment in Mutual Funds	51,443	-	32,830	-
Investment in Government Securities	2,940	-	12,218	-
Investments in Taxable Bonds	-	-	-	801
<b>Fair Value through OCI</b>				
Investment in Tax Free Bonds	-	-	-	2,124
	<b>54,383</b>	<b>-</b>	<b>45,048</b>	<b>2,925</b>

During the year ended March 31, 2020, there were no transfers between Level 1 and Level 2 fair value measurements as well as in to and out of Level 3 fair value measurements for the investments listed above.

## 42. Related party Disclosures

In accordance with the requirements of Ind AS - 24 "Related Party Disclosures", the names of the related parties where control exists and/ or with whom transactions have taken place during the period and description of relationships, as identified and certified by the management are as below:

### A. List of related parties

#### i. Key management personnel (KMP)

Akhil Kumar Gupta, Chairman

D.S. Rawat, Managing Director and CEO

Pankaj Miglani, Chief Financial Officer (till August 09, 2018)

S. Balasubramanian, Chief Financial Officer (w.e.f August 10, 2018 till December 05, 2019)

Samridhi Rodhe, Company Secretary

# Notes to Consolidated Financial Statements

for the year ended March 31, 2020

(Amounts in millions of Indian Rupees; unless stated otherwise)

## ii. Related parties where control exists irrespective of whether transactions have occurred or not

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

## iii. Other related parties with whom transactions have taken place during the year

Name of related party	Relationship
Bharti Hexacom Limited	Fellow Subsidiary
Bharti Telemedia Limited	Fellow Subsidiary
Nxtra Data Limited	Fellow Subsidiary
Nettle Infrastructure Investments Limited	Fellow Subsidiary
Bharti Airtel Services Limited	Fellow Subsidiary
Indus Towers Limited	Joint Venture
Bharti Enterprises Limited (Erstwhile Bharti Ventures Limited)	Group Company
Centum Learning Limited	Group Company
Bharti Foundation	Group Company
Bharti Infratel Employees Welfare Trust	Group Company
Bharti Realty Holdings Limited (now merged with Bharti Realty Limited)	Group Company
Bharti Realty Limited	Group Company
Bharti Land Limited	Group Company

'Group Company' though not 'Related Parties' as per the definition under Ind-AS 24, 'Related party disclosures', have been included by way of a voluntary disclosure.

## B. Related Party Transactions during the year:

Related party transactions represent transactions entered into by the Group with parent company of the Group, entities having significant influence over the Group, joint venture and fellow subsidiary. The transactions with these related parties for the year ended March 31, 2020 and March 31, 2019 are described below:

Relationship	Year ended March 31,		Year ended March 31,		Year ended March 31,		Year ended March 31,	
	2020	2019	2020	2019	2020	2019	2020	2019
	Parent Company		Group Company		Fellow subsidiaries		Joint venture	
<b>Nature of transaction</b>								
Sale of property, plant & equipment	3	-	-	-	3	-	-	-
Revenue from operations*	42,250	40,185	-	-	3,425	3,249	-	-
Purchase of property, plant & equipment	-	-	-	(111)	(25)	-	-	-
Expenses (other than employee related) incurred on behalf of Company	-	-	(245)	(246)	(4)	-	-	-

# Notes to Consolidated Financial Statements

for the year ended March 31, 2020

(Amounts in millions of Indian Rupees; unless stated otherwise)

## B. Related Party Transactions during the year: (Contd..)

Relationship	Year ended March 31,		Year ended March 31,		Year ended March 31,		Year ended March 31,	
	2020	2019	2020	2019	2020	2019	2020	2019
	Parent Company		Group Company		Fellow subsidiaries		Joint venture	
Reimbursement of expenses	(14)	(33)	-	-	-	-	11	4
Employee related expenses incurred on behalf of Company	-	-	-	-	(4)	(4)	-	-
Procurement of services	(157)	(145)	(13)	(13)	(29)	(36)	-	-
Security deposit received	(21)	(24)	-	-	(1)	(1)	-	-
Security deposit refunded	1,455	-	-	-	119	-	-	-
Security deposit paid	-	-	(3)	-	-	-	-	-
Commission paid	-	-	-	-	-	-	(93)	(108)
Dividend paid/declared	(8,631)	(20,015)	-	-	(5,126)	(1,265)	-	-
Donation given	-	-	(409)	(361)	-	-	-	-
Retiral Benefit- transfer of employees	-	(7)	-	-	-	-	-	-
	<b>34,885</b>	<b>19,961</b>	<b>(670)</b>	<b>(731)</b>	<b>(1,642)</b>	<b>1,943</b>	<b>(82)</b>	<b>(104)</b>

\*Inclusive of GST and includes interest income on exit EMI

Relationship	As at March 31,		As at March 31,		As at March 31,		As at March 31,	
	2020	2019	2020	2019	2020	2019	2020	2019
	Parent Company		Group Company		Fellow subsidiaries		Joint venture	
Trade payables	(116)	(75)	-	-	-	(9)	(32)	(74)
Other current assets	-	5	-	-	-	8	-	-
Other financial assets	2,823	2,769	6	3	224	217	-	-
Trade receivables	2,601	3,188	-	-	1,461	689	-	-
Other financial liabilities	(468)	(1,902)	-	-	(40)	(166)	-	-
	<b>4,840</b>	<b>3,985</b>	<b>6</b>	<b>3</b>	<b>1,645</b>	<b>739</b>	<b>(32)</b>	<b>(74)</b>

Payments made to Key management personnel/ non-executive directors were as follows:

Particulars	Year ended March 31	
	2020	2019
Short-Term employee benefits (including salary and sitting fee)	129	130
Post-Employment benefits	26	16
Share based payment	7	5
	<b>162</b>	<b>151</b>

Amount received from KMP for ESOP exercised is less than ₹ 1 Mn during the year ended March 31, 2020 (March 31, 2019: less than ₹ 1 Mn).

# Notes to Consolidated Financial Statements

for the year ended March 31, 2020

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## Terms and conditions of transactions with related parties

The transactions with related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the end of the period are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables.

**43.** As per transitional provisions specified in Ind AS 101, "First Time Adoption of Indian Accounting Standards", the Group has continued to apply the accounting prescribed under the scheme with respect to mergers listed below.

### (a) Scheme accounting ("Bharti Airtel Scheme")

During the year ended March 31, 2008, pursuant to the Scheme of Arrangement with Bharti Airtel Limited ('BAL Scheme') under sections 391 to 394 of the Companies Act, 1956, the telecom infrastructure undertaking of Bharti Airtel Limited was transferred to the Company. Pursuant to the Scheme, the depreciation charged by the Company on the excess of the fair values over the original book values of the assets transferred by Bharti Airtel Limited is being off-set against General Reserve. Accordingly, depreciation charge on the excess of fair value over the original value is charged to general reserve.

### (b) Scheme accounting ("Indus Scheme")

The Scheme of Arrangement ('Indus Scheme') under Section 391 to 394 of the Companies Act, 1956 for transfer of all assets and liabilities, as defined in Indus scheme, from Bharti Infratel Ventures Limited (BIVL), erstwhile wholly owned subsidiary company, to Indus Towers Limited (Indus), was approved by the Hon'ble High Court of Delhi vide order dated April 18, 2013 and filed with the Registrar of Companies on June 11, 2013 with appointed date April 1, 2009 i.e. effective date of Indus Scheme and accordingly, effective June 11, 2013, the erstwhile subsidiary company has ceased to exist and has become part of Indus. The company was carrying investment in BIVL at ₹ 59,921 Mn.

Pursuant to Indus Scheme, the company has additionally got 504 shares in Indus in lieu of transfer of its investment in BIVL to Indus and recorded these additional shares at their fair value of ₹ 60,419 Mn in accordance with the requirements of Previous GAAP. The resultant gain of ₹ 382 Mn (net of taxes ₹ 116 Mn) has been disclosed as adjustment to carry forward balance of Consolidated Statement of Profit and Loss as at April 1, 2009.

## 44. Segment Information

The Consolidated segment information has been prepared in line with the review of operating results by the Chief Operating Decision Maker (CODM) which includes review of the results of the joint venture on proportionate consolidation basis. The results of the joint venture which were hitherto consolidated and/or accounted under proportionate consolidation method under the previous GAAP but have now been accounted for under equity method of accounting under Ind AS. The Group, however, considers joint venture as "Operating Segment" as defined under Ind AS 108, "Operating Segments" based on review by CODM and accordingly presented segment information for two segments i.e. Infratel (including subsidiaries) and Indus (proportionate share). The total segment revenue and segment results have also been reconciled with the amount reported in the Consolidated Balance Sheet and Consolidated Statement of Profit and Loss.

# Notes to Consolidated Financial Statements

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## Segment Consolidated Balance Sheet Information as at March 31, 2020

Particulars	Infratel (including subsidiaries) (A)		Proportionate share of JV (B)		Eliminations/ Adjustment* (C)		Total Reportable Segments D = (A+B+C)		Reversal of Proportionate share including elimination (+) Equity accounting (E)		Total (F)	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
<b>Segment assets</b>												
<b>Non-current assets</b>												
Property, plant and equipment	50,702	53,251	70,774	72,432	(43)	(72)	121,433	125,611	(70,731)	(72,360)	50,702	53,251
Right of use asset	16,319	-	34,979	-	-	-	51,298	-	(34,979)	-	16,319	-
Capital work-in-progress	545	1,180	1,001	1,305	-	-	1,546	2,485	(1,001)	(1,305)	545	1,180
Intangible assets	120	71	102	189	-	-	222	260	(102)	(189)	120	71
Investment in joint venture	60,419	60,419	-	-	(60,419)	(60,419)	-	-	57,318	51,085	57,318	51,085
Financial assets												
Investment	17,002	18,424	-	-	-	-	17,002	18,424	-	-	17,002	18,424
Other Financial Assets	1,450	1,361	3,934	3,627	-	-	5,384	4,988	(3,934)	(3,627)	1,450	1,361
Income tax assets (Net)	757	1,137	3,743	2,082	-	-	4,500	3,219	(3,743)	(2,082)	757	1,137
Deferred tax Assets (Net)	1,331	159	-	-	(942)	(159)	389	-	942	159	1,331	159
Other non - Current assets	2,549	1,837	2,258	1,483	-	-	4,807	3,320	(2,258)	(1,483)	2,549	1,837
<b>Current assets</b>												
Financial assets												
Investment	37,381	29,549	-	-	-	-	37,381	29,549	-	-	37,381	29,549
Trade receivables	7,721	5,509	12,975	9,405	(13)	(31)	20,683	14,883	(12,962)	(9,374)	7,721	5,509
Cash and cash equivalents	1,452	3	569	1,354	-	-	2,021	1,357	(569)	(1,354)	1,452	3
Other Bank Balances	18	14	-	-	-	-	18	14	-	-	18	14
Other Financial Assets	4,466	5,210	11,651	9,807	-	-	16,117	15,017	(11,651)	(9,807)	4,466	5,210
Other Current Assets	2,457	2,515	496	854	-	-	2,953	3,369	(496)	(854)	2,457	2,515
<b>Total Assets</b>	<b>204,689</b>	<b>180,639</b>	<b>142,482</b>	<b>102,538</b>	<b>(61,417)</b>	<b>(60,681)</b>	<b>285,754</b>	<b>222,496</b>	<b>(84,166)</b>	<b>(51,191)</b>	<b>201,588</b>	<b>171,305</b>



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## Segment Consolidated Balance Sheet Information as at March 31, 2020 (Contd.,)

Particulars	Infratel (including subsidiaries) (A)		Proportionate share of JV (B)		Eliminations/ Adjustment* (C)		Total Reportable Segments D = (A+B+C)		Reversal of Proportionate share including elimination (+) Equity accounting (E)		Total (F)	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
<b>Segment liabilities</b>												
<b>Equity</b>												
Equity Share capital	18,496	18,496	1	1	(1)	(1)	18,496	18,496	-	-	18,496	18,496
Other Equity	120,028	137,930	57,317	51,085	(60,461)	(62,266)	116,884	126,749	43	71	116,927	126,820
<b>Equity attributable to equity holders of the parent</b>	<b>138,524</b>	<b>156,426</b>	<b>57,318</b>	<b>51,086</b>	<b>(60,462)</b>	<b>(62,267)</b>	<b>135,380</b>	<b>145,245</b>	<b>43</b>	<b>71</b>	<b>135,423</b>	<b>145,316</b>
<b>Non-current liabilities</b>												
Financial Liabilities												
Lease Liabilities	19,674	-	37,688	-	-	-	57,362	-	(37,688)	-	19,674	-
Other Financial Liabilities	635	2,430	1,903	3,320	-	-	2,538	5,750	(1,903)	(3,320)	635	2,430
Long-term borrowings	-	-	700	4,714	-	-	700	4,714	(700)	(4,714)	-	-
Provisions	3,023	2,723	4,684	4,291	-	-	7,707	7,014	(4,684)	(4,291)	3,023	2,723
Deferred tax liability	-	-	942	4,536	(942)	1,617	-	6,153	-	(4,377)	-	1,776
Other non - Current liabilities	731	1,308	989	1,473	-	-	1,720	2,781	(989)	(1,473)	731	1,308
<b>Current liabilities</b>												
Financial Liabilities												
Short-term borrowings	24,184	57	15,227	18,721	-	-	39,411	18,778	(15,227)	(18,721)	24,184	57
Trade payables	8,091	10,833	10,352	10,189	(13)	(31)	18,430	20,991	(10,339)	(10,158)	8,091	10,833
Lease liabilities	2,414	-	7,331	-	-	-	9,745	-	(7,331)	-	2,414	-
Other financial liabilities	2,251	2,177	3,087	2,940	-	-	5,338	5,117	(3,087)	(2,940)	2,251	2,177
Other Current Liabilities	4,853	4,397	2,077	1,104	-	-	6,930	5,501	(2,077)	(1,104)	4,853	4,397
Provisions	200	140	184	164	-	-	384	304	(184)	(164)	200	140
Current tax liabilities (net)	109	148	-	-	-	-	109	148	-	-	109	148
<b>Total liabilities</b>	<b>204,689</b>	<b>180,639</b>	<b>142,482</b>	<b>102,538</b>	<b>(61,417)</b>	<b>(60,681)</b>	<b>285,754</b>	<b>222,496</b>	<b>(84,166)</b>	<b>(51,191)</b>	<b>201,588</b>	<b>171,305</b>

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for the year ended March 31, 2020

(Amounts in millions of Indian Rupees; unless stated otherwise)

## Segment Consolidated Profit and Loss Information for the year ended March 31, 2020

Particulars	Infratel (including subsidiaries) (A)		Proportionate share of JV (B)		Eliminations/ Adjustment* (C)		Total Reportable Segments D = (A+B+C)		Reversal of Proportionate share including elimination (+) Equity accounting (E)		Total (F)	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
<b>Income</b>												
<b>Revenue from operations - External</b>												
Rent	42,329	39,880	48,007	45,358	-	-	90,336	85,238	(48,007)	(45,358)	42,329	39,880
Energy (including rates and taxes)	25,101	28,382	31,035	32,203	-	-	56,136	60,585	(31,035)	(32,203)	25,101	28,382
Intersegment revenue	-	-	36	45	(36)	(45)	-	-	-	-	-	-
Other income	1,287	12,276	625	1,019	-	(11,261)	1,912	2,034	(625)	(1,019)	1,287	1,015
<b>Total Income</b>	<b>68,717</b>	<b>80,538</b>	<b>79,703</b>	<b>78,625</b>	<b>(36)</b>	<b>(11,306)</b>	<b>148,384</b>	<b>147,857</b>	<b>(79,667)</b>	<b>(78,580)</b>	<b>68,717</b>	<b>69,277</b>
<b>Expenses</b>												
Power and fuel	23,672	25,607	30,688	30,778	-	-	54,360	56,385	(30,688)	(30,778)	23,672	25,607
Rent	-	3,446	-	9,105	-	-	-	12,551	-	(9,105)	-	3,446
Employee expenses	2,935	2,915	2,066	1,999	-	-	5,001	4,914	(2,066)	(1,999)	2,935	2,915
Repairs and maintenance	2,503	3,286	4,554	4,768	-	-	7,057	8,054	(4,554)	(4,768)	2,503	3,286
Other expenses	2,108	1,297	3,524	1,889	-	-	5,632	3,186	(3,524)	(1,889)	2,108	1,297
Intersegmental expense	36	45	-	-	(36)	(45)	-	-	36	45	36	45
<b>Total Expense</b>	<b>31,254</b>	<b>36,596</b>	<b>40,832</b>	<b>48,539</b>	<b>(36)</b>	<b>(45)</b>	<b>72,050</b>	<b>85,090</b>	<b>(40,796)</b>	<b>(48,494)</b>	<b>31,254</b>	<b>36,596</b>

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## Segment Consolidated Profit and Loss Information for the year ended March 31, 2020 (Contd..)

Particulars	Infratel (including subsidiaries) (A)		Proportionate share of JV (B)		Eliminations/ Adjustment* (C)		Total Reportable Segments D = (A+B+C)		Reversal of Proportionate share including elimination (+) Equity accounting (E)		Total (F)	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
<b>Profit/(Loss) before share of profit of a joint venture, depreciation, finance cost and tax</b>	<b>37,463</b>	<b>43,942</b>	<b>38,871</b>	<b>30,086</b>	<b>-</b>	<b>(11,261)</b>	<b>76,334</b>	<b>62,767</b>	<b>(38,871)</b>	<b>(30,086)</b>	<b>37,463</b>	<b>32,681</b>
Finance Costs	3,350	529	5,292	2,531	-	-	8,642	3,060	(5,292)	(2,531)	3,350	529
Finance Income	(3,370)	(4,406)	(265)	(225)	-	-	(3,635)	(4,631)	265	225	(3,370)	(4,406)
Depreciation and Amortization	12,815	10,658	16,756	11,581	-	-	29,571	22,239	(16,756)	(11,581)	12,815	10,658
Expense												
Charity & Donation	598	545	324	176	-	-	922	721	(324)	(176)	598	545
<b>Profit/(Loss) before share of profit of a joint venture and tax</b>	<b>24,070</b>	<b>36,616</b>	<b>16,764</b>	<b>16,023</b>	<b>-</b>	<b>(11,261)</b>	<b>40,834</b>	<b>41,378</b>	<b>(16,764)</b>	<b>(16,023)</b>	<b>24,070</b>	<b>25,355</b>
Share of profits in Joint Venture	-	-	-	-	-	-	-	-	13,805	10,172	13,805	10,172
<b>Profit before exceptional items and tax</b>	<b>24,070</b>	<b>36,616</b>	<b>16,764</b>	<b>16,023</b>	<b>-</b>	<b>(11,261)</b>	<b>40,834</b>	<b>41,378</b>	<b>(2,959)</b>	<b>(5,851)</b>	<b>37,875</b>	<b>35,527</b>
Exceptional items	-	-	-	357	-	-	-	357	-	(357)	-	-
<b>Profit before tax</b>	<b>24,070</b>	<b>36,616</b>	<b>16,764</b>	<b>15,666</b>	<b>-</b>	<b>(11,261)</b>	<b>40,834</b>	<b>41,021</b>	<b>(2,959)</b>	<b>(5,494)</b>	<b>37,875</b>	<b>35,527</b>
Income tax	6,664	8,853	2,959	5,494	(1,776)	1,736	7,847	16,083	(2,959)	(5,494)	4,888	10,589
<b>Profit for the period</b>	<b>17,406</b>	<b>27,763</b>	<b>13,805</b>	<b>10,172</b>	<b>1,776</b>	<b>(12,997)</b>	<b>32,987</b>	<b>24,938</b>	<b>-</b>	<b>-</b>	<b>32,987</b>	<b>24,938</b>
Other comprehensive income	(110)	(22)	(9)	(2)	-	-	(119)	(24)	-	-	(119)	(24)
<b>Total comprehensive income for the period</b>	<b>17,296</b>	<b>27,741</b>	<b>13,796</b>	<b>10,170</b>	<b>1,776</b>	<b>(12,997)</b>	<b>32,868</b>	<b>24,914</b>	<b>-</b>	<b>-</b>	<b>32,868</b>	<b>24,914</b>

\*Elimination represents elimination of transaction between BIL and Indus on proportionate consolidation basis and Adjustments represents provision for DDT on undistributed profit of Joint Venture included under taxation line item above.

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for the year ended March 31, 2020

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## 45. Interest in Joint Venture

The Group has a 42% interest in Indus Towers Limited, a joint venture involved in establishing, operating and maintaining wireless communication towers in India. The Group's interest in Indus Towers Limited is accounted for using the equity method in the consolidated financial statements.

Summarised financial information of Indus Towers Limited based on its Ind AS financial statements and reconciliation with the carrying amount of the investment in consolidated financial statements is as follows: -

### Summarised information on Balance sheet

Particulars	As at March 31, 2020	As at March 31, 2019
<b>Assets</b>		
<b>Non Current Assets</b>	<b>278,070</b>	<b>193,138</b>
<b>Current Assets</b>		
Cash and cash equivalents	1,355	3,224
Other current assets ( excluding cash and cash equivalents)	59,816	47,774
<b>Total current assets</b>	<b>61,171</b>	<b>50,998</b>
<b>Total assets</b>	<b>339,241</b>	<b>244,136</b>
<b>Liabilities</b>		
<b>Non current liabilities</b>		
Borrowings	1,667	11,223
Other non current liabilities	110,011	32,429
<b>Total non current liabilities</b>	<b>111,678</b>	<b>43,652</b>
<b>Current liabilities</b>		
Borrowings	36,254	44,574
Other current liabilities	54,838	34,279
<b>Total current liabilities</b>	<b>91,092</b>	<b>78,853</b>
<b>Equity</b>	<b>136,471</b>	<b>121,631</b>
<b>Total Equity and Liabilities</b>	<b>339,241</b>	<b>244,136</b>
Percentage of group's ownership interest	42%	42%
Interest in joint venture	57,318	51,085
<b>Carrying amount of investment</b>	<b>57,318</b>	<b>51,085</b>

# Notes to Consolidated Financial Statements

for the year ended March 31, 2020

(Amounts in millions of Indian Rupees; unless stated otherwise)

## Summarised information on statement of profit and loss

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Revenue	188,281	184,775
Other Income	1,489	2,424
Power and fuel	73,066	73,281
Rent	-	21,678
Employee expenses	4,919	4,758
Repairs and maintenance	10,843	11,352
Other expenses	9,160	4,916
Depreciation and amortisation	39,895	27,572
Finance cost	12,601	6,028
Finance Income	(630)	(534)
Income tax expense	7,047	13,078
Exceptional items	-	850
<b>Profit for the year</b>	<b>32,869</b>	<b>24,220</b>
Other comprehensive income for the year	(22)	(6)
Percentage of group's ownership interest	42%	42%
<b>Group's share in joint venture's profit for the year</b>	<b>13,805</b>	<b>10,172</b>
Group's share in joint venture's other comprehensive income for the year	(9)	(2)
<b>Group's share in joint venture's total comprehensive income for the year</b>	<b>13,796</b>	<b>10,170</b>
<b>Dividend received from joint venture</b>	<b>-</b>	<b>11,261</b>

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## 46. Additional information, as required under Schedule III to the companies act, 2013 for entities consolidated as subsidiary, controlled trust and joint ventures

Name of the entity	FY 2019-20						FY 2018-19									
	Net assets i.e., total assets minus total liabilities		Share in profit or loss		Share in other comprehensive income		Share in total comprehensive income		Net assets i.e., total assets minus total liabilities		Share in profit or loss		Share in other comprehensive income		Share in total comprehensive income	
	As % of consolidated net assets	Amount	As % of consolidated net assets	Amount	As % of consolidated net assets	Amount	As % of consolidated net assets	Amount	As % of consolidated net assets	Amount	As % of consolidated net assets	Amount	As % of consolidated net assets	Amount	As % of consolidated net assets	Amount
<b>Parent</b>																
Bharti Infratel Limited	71%	138,810	56%	17,466	92%	(110)	56%	17,356	73%	27,790	90%	(22)	73%	27,768		
<b>Subsidiary</b>																
Smartx Service Limited	0%	25	0%	(69)	0%	-	0%	(69)	0%	(26)	0%	-	0%	(26)		
<b>Joint Venture (as per equity method)</b>																
<b>Indian</b>																
Indus Towers Limited	29%	57,318	44%	13,805	8%	(9)	45%	13,796	27%	10,172	10%	(2)	27%	10,170		
<b>Controlled Trust</b>																
Bharti Infratel Employee Welfare Trust	0%	(191)	0%	(107)	0%	-	0%	(107)	0%	13	0%	-	0%	13		
<b>Total (Gross)</b>	100%	195,962	100%	31,105	100%	(119)	100%	30,996	100%	37,949	100%	(24)	100%	37,925		
Adjustment arising out of consolidation	-	(60,539)	-	1,882	-	-	-	1,882	-	(13,010)	-	-	-	(13,010)		
<b>Total (Net)</b>		135,423		32,987		(119)		32,868		24,939		(24)		24,915		



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- 47.** During financial year 2016-17, the Group (concessionaire) had entered into a service concession agreement as a lead member with Bhopal Smart City Development Corporation Limited (BSCDCL/ grantor) along with other consortium members for implementation and maintenance of “Bhopal Smart City project” (the project) vide agreement dated October 28, 2016. As per the terms of the agreement, the Group along with the consortium members has to work on Build, Own, Operate and Transfer (BOOT) model on Public Private Partnership (PPP) basis. Smartx Services Limited is one of the Consortium members of the project.

The concession period granted as per the agreement is 15 years (excluding implementation period of 1 year) further extendable by another 15 years based on mutually agreed terms and conditions.

The title of interest, ownership and rights with regard to project implemented by the Group along with fixtures/ fittings provided therein shall rest with the Group until the expiry/ termination of the agreement and the rights related to the land allotted by the BSCDCL shall vest with the BSCDCL, except that, these will be operated and maintained by the Group at its own cost and expenses as agreed in the concession agreement.

These project facilities and assets constructed shall be transferred to BSCDCL at zero cost on expiry/ termination of the agreement. On obtaining the Completion Certificate from the specified authority, The Group shall be exclusively entitled to demand and collect revenue from the project assets in any manner.

The Concessionaire shall pay a fixed quarterly revenue share, as specified by the terms of agreement, to BSCDCL over the concession period

- 48.** The Group was required to spend ₹ 477 Mn towards CSR expenditure as per the requirement of the Companies Act 2013. During the year ₹ 477 Mn were spent towards ongoing long term CSR projects basis approval from the board. The disbursement of committed funds was based on the individual project work plans and milestones achieved over the year. All projects are being monitored and evaluated on the progress made and impact created during the routine course of the business. The Group has also contributed as charity/donation of ₹ 1 Mn (FY 2018-19: ₹ 1 Mn) to various Foundations.

Charity and donation includes ₹ 120 Mn (FY 2018-19: ₹ 130 Mn) paid to Electoral Bond Scheme, 2018.

## 49. Financial risk management objectives and policies

The Group's principal financial liabilities comprise trade payables, security deposits, short term borrowings and lease liabilities etc. The main purpose of these financial liabilities is to manage finances for the Group's operations. The Group's principal financial assets include Investment in Mutual Funds, Bonds and Government Securities, trade and other receivables, unbilled revenue, cash and cash equivalents, security deposits, etc. that derive directly from its operations.

The Group is exposed to market risk, credit risk and liquidity risk. The Group's senior management oversees the management of these risks. The senior professionals working to manage the financial risks and the appropriate financial risk governance frame work for the Group are accountable to the Board Audit Committee. This process provides assurance to the Group's senior management that the Group's financial risk-taking activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with Group policies and Group risk appetite. The Group has not entered into any derivative transactions. All derivative activities for risk management purposes are carried out by specialist teams that have the appropriate skills, experience and supervision. It is the Group's policy that no trading in derivatives for speculative purposes shall be undertaken. The Board of Directors reviews and agrees policies for managing each of these risks which are summarised below:

### (a) Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprise three types of risk: interest rate risk, foreign currency risk and price risk. Financial instruments affected by market risk include interest bearing investment in mutual funds, bonds, government securities and fixed deposits etc.

The sensitivity of the relevant profit or loss item is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held at March 31, 2020 and March 31, 2019.

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The Group's exposure to financial risks is to a variety of financial risks, including the effect of changes in foreign currency exchange rates, if any. The Group uses derivative financial instruments such as foreign exchange contracts to manage its exposures and foreign exchange fluctuations, if any.

## (i) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Group has invested in Government securities and bonds which will fetch a fixed rate of interest, hence, the income and operating cash flows are substantially independent of changes in market interest rates. The Group's short term debt obligation with floating rates which are included in interest bearing loans and borrowings in the financial statements.

## (ii) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Indian Rupee is the Group's functional currency. As a consequence, the Group's results are presented in Indian Rupee and exposures are managed against Indian Rupee accordingly. The Group has very limited foreign currency exposure mainly due to incurrence of some expenses. The Group may use foreign exchange option contracts or forward contracts towards operational exposures resulting from changes in foreign currency exchange rates exposure. These foreign exchange contracts, carried at fair value, may have varying maturities depending upon the primary host contract requirement.

The Group manages its foreign currency risk if any, by hedging appropriate percentage of its foreign currency exposure, as approved by the Board as per established risk management policy.

## (iii) Price risk

The Group invests its surplus funds in various Government securities, taxable and tax free quoted debt bonds, liquid & Money Market schemes of mutual funds (liquid investments) and higher duration short term debt funds.

These are susceptible to market price risk, mainly arising from changes in the interest rates or market yields which may impact the return and value of such investments. The Group manages the price risk through diversification from time to time.

## (b) Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily for trade receivables) and from its financing activities, including deposits with banks and financial institutions, and other financial instruments.

### Trade receivables

Customer credit risk is managed by each business unit subject to the Group's established policy, procedures and control relating to customer credit risk management. Trade receivables are non-interest bearing and are generally on 15/30 days credit term. Outstanding customer receivables are regularly monitored. The ageing analysis of gross trade receivables as of the reporting date is as follows:

Particulars	Within due date	Less than 30 days	30 to 60 days	60 to 90 days	above 90 days	Total
Trade receivables as at March 31, 2020	525	2,620	658	491	4,329	8,623
Trade receivables as at March 31, 2019	579	2,583	855	575	1,267	5,859

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## Financial instruments and cash deposits

Credit risk from balances with banks and financial institutions is managed by Group's treasury in accordance with the approved policy. Investment of surplus funds are made only with approved counterparties who meet the minimum threshold requirements under the counterparty risk assessment process. The Group monitors ratings, credit spreads and financial strength on at least quarterly basis. Based on its on-going assessment of counterparty risk, the Group adjusts its exposure to various counterparties. The Group's maximum exposure to credit risk for the components of the Balance Sheet at March 31, 2020, March 31, 2019 is the carrying amounts as given in note 40.

### (c) Liquidity risk

Liquidity risk is the risk that the Group may not be able to meet its present and future cash and collateral obligations without incurring unacceptable losses. The Group's objective is to; at all times maintain optimum levels of liquidity to meet its cash and collateral requirements. The Group's principal sources of liquidity are cash and cash equivalents and the cash flow generated from operations. The Group closely monitors its liquidity position and deploys a robust cash management system.

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

Particulars	As at March 31, 2020						Total
	Carrying Amount	Contractual Cash flow	Less than 6 months	6 to 12 months	1 to 2 years	> 2 years	
Short term borrowings	23,853	23,853	23,853	-	-	-	23,853
Bank overdraft	331	331	331	-	-	-	331
Lease liabilities	22,088	32,483	1,746	1,717	3,244	25,776	32,483
Trade payables	8,091	8,091	8,091	-	-	-	8,091
Other financial liabilities	2,886	3,269	2,285	36	23	925	3,269
<b>Total</b>	<b>57,249</b>	<b>68,027</b>	<b>36,306</b>	<b>1,753</b>	<b>3,267</b>	<b>26,701</b>	<b>68,027</b>

Particulars	As at March 31, 2019						Total
	Carrying Amount	Contractual Cash flow	Less than 6 months	6 to 12 months	1 to 2 years	> 2 years	
Bank overdraft	57	57	57	-	-	-	57
Trade payables	10,833	10,833	10,833	-	-	-	10,833
Other financial liabilities	4,607	5,733	2,641	26	220	2,846	5,733
<b>Total</b>	<b>15,497</b>	<b>16,623</b>	<b>13,531</b>	<b>26</b>	<b>220</b>	<b>2,846</b>	<b>16,623</b>

## Capital management

For the purpose of Group's Capital management, Capital includes issued equity capital, securities premium and all other equity reserves attributable to the equity shareholders. The primary objective of the Group's capital management is to maximise the shareholder value.

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The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Company has availed short term loans of ₹ 23,853 Mn. Further, the Group has availed Bank overdraft facility for ₹ 331 Mn (March 31, 2019 – ₹ 57 Mn) which is integral part of cash management. The cash and cash equivalent of the Group is ₹ 1,452 Mn as at March 31, 2020 (March 31, 2019 - ₹ 3 Mn).

**50.** The amount due and outstanding to be credited to the Investor Education and Protection Fund as at March 31, 2020 is Nil.

**51.** Revenue from operations includes exit charges amounting to ₹ 2,220 Mn recognised during the year ended March 31, 2020.

## **52. Transition Impact of Ind AS 116**

Effective April 1, 2019, the Group adopted Ind AS 116 “Leases” and applied the standard to all lease contracts existing on April 1, 2019 using the modified retrospective method and has taken the cumulative adjustment to retained earnings, on the date of initial application. Consequently, the Group recorded the lease liability at the present value of the lease payments discounted at the incremental borrowing rate and the right of use asset at its carrying amount as if the standard had been applied since the commencement date of the lease, but discounted at the Group’s incremental borrowing rate at the date of initial application. Comparatives as at and for the year ended March 31, 2019 have not been retrospectively adjusted and therefore will continue to be reported under the accounting policies included in the audited financial statements for the year ended March 31, 2019.

### **Group as a lessee:**

For transition, the Group has elected not to apply the requirements of Ind AS 116 to leases for which the underlying asset is of low value on a lease-by-lease basis. The Group has also used the practical expedient provided by the standard when applying Ind AS 116 to leases previously classified as operating leases under Ind AS 17 and therefore, has not reassessed whether a contract, is or contains a lease, at the date of initial application, relied on its assessment of whether leases are onerous, applying Ind AS 37 immediately before the date of initial application as an alternative to performing an impairment review, excluded initial direct costs from measuring the right of use asset at the date of initial application and used hindsight when determining the lease term if the contract contains options to extend or terminate the lease. The Group has used a single discount rate to a portfolio of leases with similar characteristics. The company has applied its incremental borrowing rate for lease liabilities recognised in the balance sheet at the date of initial application.

Further, the Group has reversed the rental cost which was capitalized upto RFI period as a cost of an item of property, plant and equipment due to the fact such rent being capitalized as a right of use assets in accordance with Ind AS 116. Accordingly, the carrying value of property, plant and equipment is decreased by ₹ 92 Mn with corresponding decrease in retained earnings by ₹ 60 Mn (net of deferred tax impact of ₹ 32 Mn).

On transition, the Group recognised a lease liability measured at the present value of the remaining lease payments as at April 1, 2019. The right-of-use asset is recognised at its carrying amount as if the standard had been applied since the commencement of the lease, but discounted using the lessee’s incremental borrowing rate as at April 01, 2019. Accordingly, a right-of-use asset of ₹ 15,872 Mn and a corresponding lease liability of ₹ 21,548 Mn has been recognized.

The total effect on transition to Ind AS 116 resulted in decrease in Group’s retained earnings by ₹ 9,452 Mn (net of deferred tax ₹ 5,074 Mn), out of which adjustment amounting to ₹ 5,698 (net of deferred tax ₹ 3,060 Mn) pertains to joint venture.

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On application of Ind AS 116, the nature of expense has changed from lease rent in previous periods to depreciation cost for the right-to-use asset and finance cost for interest accrued on lease liability.

The discounting impact on security deposit paid for ₹ 30 Mn has been reclassified to Right of use asset on the date of transition.

## Group as a lessor:

The Group is not required to make any adjustments on transition to Ind AS 116 for leases in which it acts as a lessor. The Group has created revenue equalization reserve prospectively due to straight lining of lease rental revenue.

## The impact of Ind AS 116 as at April 1, 2019 on the consolidated balance sheet line items is as follows:

Particulars	As at April 1, 2019 (Before Ind AS 116)	Ind AS 116 Adjustments	As at April 1, 2019
<b>Assets</b>			
<b>Non-current assets</b>			
Property plant & equipment	53,251	(92)	53,159
Right of use assets	-	15,902	15,902
Deferred tax assets (net)	159	2,014	2,173
Other non-current assets	-	(30)	(30)
Investment in Joint venture	51,085	(5,698)	45,387
<b>Total Assets</b>	<b>104,495</b>	<b>12,096</b>	<b>116,591</b>
<b>Equity and Liabilities</b>			
Other Equity	126,820	(9,452)	117,368
<b>Non Current</b>			
Financial liabilities			
Lease liabilities	-	19,725	19,725
<b>Current</b>			
Financial liabilities			
Lease liabilities	-	1,823	1,823
<b>Total Equity and Liabilities</b>	<b>126,820</b>	<b>12,096</b>	<b>138,916</b>

53. The Ministry of Home Affairs vide order No.40-3/2020 dated 24.03.2020 notified telecommunication services among the essential services which continued to operate during lock down in the crisis situation of COVID-19, which has been declared as pandemic by World Health Organisation. The passive infrastructure as well as active telecom operations of the Group's customers are covered under essential services which are actively engaged in fulfilling the surge in demand arising out of the choice exercised by almost all industries to conduct their operations remotely. Hence, the telecom industry is among the businesses that are least impacted due to COVID-19. The Group believes that thus far, there is no significant impact of COVID-19 pandemic on the financial position and performance of the Group. Further, the Group is not expecting any significant changes in estimates as of now as the company is running its business and operations as usual without any major disruptions.

# Notes to Consolidated Financial Statements

for the year ended March 31, 2020

(Amounts in millions of Indian Rupees; unless stated otherwise)

54. (a) As reported by the Joint Venture Company, "For the year ended March 31, 2020, the Company's top two customers contributed substantial portion of the net sales of the company for those periods which also resulted in significant part of the trade receivables due from these two customers as at March 31, 2020.

The Hon'ble Supreme Court on October 24, 2019 passed the judgment ('SC AGR Judgement') wherein it has held that the definition of Gross Revenue under Clause 19 of the Unified Access Services License (UASL) is all encompassing and comprehensive and directed the Telecom operators to pay the dues within 90 days from the date of the SC AGR Judgement. The Company's largest customer in its declared results for the quarter and nine months' period ended 31 December 2019, had expressed its ability to continue as going concern to be dependent on positive outcome of the application for modification of the Supplementary Order before the Hon'ble Supreme Court and subsequent agreement with DoT for the payment in installments after some moratorium and other reliefs. The said customer has paid part of the amount as determined by its self-assessment filed with DoT. Further, one of Company's major customer, as per their official announcements had raised US\$ 3.25 billion to finance its liabilities arising out of the SC AGR Judgement and paid the amount as per its self-assessment to DoT.

The Hon'ble Supreme Court, vide its order dated March 18, 2020, directed that no exercise of self / reassessment to be done and dues which were placed before Hon'ble Supreme Court have to be paid, including interest and penalty as affirmed vide its judgment dated October 24, 2019. The Hon'ble Supreme Court is yet to hear the plea made by Central Government to allow it to recover AGR dues over a period of time with interest as prayed for by it vide its Interlocutory Application filed by it in this behalf.

The loss of the significant customer or the failure to attract new customers could have a material adverse effect on the business, results of operations and financial condition for the Company."

- (b) The largest customer of the Joint venture company referred above is also significant customer of the company. The loss of a significant customer or the failure to attract new business could have an adverse effect on the business and results of operations of the Company. However, considering the above sensitivity the Company has concluded that there is no impairment with respect to its property, plant and equipment and its investment in the Joint Venture Company.





# **Standalone Financial Statements**

# Independent Auditor's Report

To The Members of Bharti Infratel Limited

## Report on the Audit of the Standalone Financial Statements

### Opinion

We have audited the accompanying standalone financial statements of Bharti Infratel Limited (the Company), which comprise the Balance Sheet as at March 31, 2020, and the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flows and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020, and its profit, total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

### Basis for Opinion

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing specified under

section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor's Responsibility for the Audit of the Standalone 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 standalone 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 standalone 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 standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Sr. No.	Key Audit Matter	Auditor's Response
1	<p><b>Revenue recognition – accuracy of revenue recorded</b></p> <p>There is an inherent risk around the accuracy of revenue recorded at rates other than the approved contracts / agreements. This is because the Company's billing systems are complex and process large volume of data, including combination of different components of revenue.</p> <p>(Refer to Note 3(i) and 25 to the standalone financial statements)</p>	<p><b>Principal audit procedures performed:</b></p> <p>Our audit approach consisted evaluation of design and implementation of controls, and testing the operating effectiveness of the internal controls over:</p> <ul style="list-style-type: none"> <li>■ Capture and recording of revenue transactions;</li> <li>■ Authorisation of rates changes and input of the rate changes into the billing systems;</li> <li>■ Preparation and validation of the billing schedule; and</li> <li>■ Calculations of amounts billed to operators, in line with underlying contracts / agreements;</li> </ul>

Sr. No.	Key Audit Matter	Auditor's Response
		<p>We tested a sample of invoices issued to operators to ensure that the revenue recorded are agreeing to the relevant underlying supporting documentation. We also performed analytical procedures to test the recorded rental revenue;</p> <p>We involved our internal IT specialists to test IT general controls and application specific controls surrounding billing system, including testing of system generated reports used in our audit;</p> <p>We examined and assessed the accounting policies applied in the recognition of revenue for compliance with the applicable financial reporting framework.</p>
2	<p><b>Evaluation of uncertain tax positions</b></p> <p>The Company has material uncertain tax positions including matters under dispute which involves significant judgment to determine the possible outcome of these disputes.</p> <p>(Refer to Note 38(a) to the standalone financial statements)</p>	<p><b>Principal audit procedures performed:</b></p> <p>Our audit procedures included evaluation of design of controls and testing of operating effectiveness of the Company's controls over assessment and evaluation of possible outcomes around tax disputes.</p> <p>We involved our internal tax experts, to gain understanding of the current status of the disputed tax cases; and to challenge management's underlying assumptions in estimating the possible outcome of these tax disputes. Our internal tax experts considered legal precedence and other ruling in evaluating management's position on these uncertain tax positions. Additionally, we also considered the effect of new information in respect of uncertain tax positions, as at April 1, 2019, to evaluate whether any change was required to management's position on these uncertainties.</p>
3	<p><b>Accounting for Ind AS 116 - Leases</b></p> <p>The Company adopted the new lease standard on April 1, 2019 using the modified retrospective approach. Consequently, the Company recorded the lease liability at the present value of the remaining lease payments discounted at the incremental borrowing rate and the right of use asset at its carrying amount as on the initial date of application of new lease standard.</p> <p>Management made significant estimates and assumptions in adopting the standard and was required to apply these estimates and assumptions to a high volume of lease portfolio. We identified the initial adoption of the standard as a key audit matter given the complexity of applying the standard to numerous leases. The related audit effort required a higher degree of auditor judgment and increased extent of effort when performing audit procedures to evaluate the reasonableness of management's judgments, including the selection of the incremental borrowing rate and the completeness and accuracy of the underlying data utilized by the Company.</p> <p>(Refer to Note 3(e) and 48 to the standalone financial statements)</p>	<p><b>Principal audit procedures performed:</b></p> <p>Our audit approach consisted evaluation of design and implementation of controls, and testing the operating effectiveness around the key controls over appropriateness of underlying estimates and assumptions involved during initial adoption of standard including determination of discount rate.</p> <p>We involved our IT specialists to test the accuracy and completeness of the system generated reports, which are used as input for determination of Lease obligations and right to use assets.</p> <p>We challenged management's judgement around underlying estimates and assumptions involved during initial adoption including incremental borrowing rate applied to portfolio of leases, by evaluating the appropriateness of entity's determination of the incremental borrowing rate.</p> <p>We selected a sample of lease agreements and validated the accuracy of management's computation of lease liability and right to use assets, with reference to the terms of the selected leases (including lease term, rent amounts including escalations). We also assessed the appropriateness of accounting for leases in accordance with Company's accounting policies.</p>

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

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report, Business Responsibility Report and Report on Corporate Governance, but does not include the standalone financial statements and our auditor's report thereon.

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

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone 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 Standalone 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 standalone 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 standalone financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

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

Our objectives are to obtain reasonable assurance about whether the standalone 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 standalone 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 standalone 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 standalone 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 standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the standalone 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 standalone 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 standalone 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, the Statement of Cash Flows and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.
  - d) In our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under Section 133 of the Act.
  - e) On the basis of the written representations received from the directors as on March 31, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164(2) of the Act.
  - f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

- g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:

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

- h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:

- i. The Company has disclosed the impact of pending litigations on its financial position in its standalone 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)

**Vijay Agarwal**  
Partner  
(Membership No.094468)  
UDIN: 20094468AAAABW7867

Place: New Delhi  
Date: April 23, 2020



# Annexure “A” to the Independent Auditor’s Report

(Referred to in paragraph 1(f) under ‘Report on Other Legal and Regulatory Requirements’ section of our report of even date)

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

We have audited the internal financial controls over financial reporting of Bharti Infratel Limited (“the Company”) as of March 31, 2020 in conjunction with our audit of the standalone 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 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, 2020, 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)

**Vijay Agarwal**

Partner

(Membership No.094468)

UDIN: 20094468AAAABW7867

Place: New Delhi

Date: April 23, 2020

## 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) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The Company has a program of verification of fixed assets to cover all the 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 and capital work in progress were physically verified by the Management during the year. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
- (c) According to the information and explanations given to us, the title deeds comprising the immovable property of land included in property, plant and equipment 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 (ii) of the Order is not applicable.
- (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, the Company has complied with the provisions of Sections 185 and 186 of the Companies Act, 2013 in respect of grant of loans.
- (v) The Company has not accepted deposits during the year and does not have any unclaimed deposits as at March 31, 2020 and therefore, the provisions of the clause 3 (v) of the Order are not applicable to the Company.
- (vi) The maintenance of cost records has not been specified by the Central Government under section 148(1) of the Companies Act, 2013.
- (vii) According to the information and explanations given to us, in respect of statutory dues:
- (a) The Company has been regular in depositing undisputed statutory dues, including Provident Fund, Employees’ State Insurance, Income-tax, Goods and Services Tax, Customs Duty, cess and other material statutory dues applicable to it to the appropriate authorities.
- (b) There were no undisputed amounts payable in respect of Provident Fund, Employees’ State Insurance, Income-tax, Goods and Services Tax, cess and other material statutory dues in arrears as at March 31, 2020 for a period of more than six months from the date they became payable.

- (c) Details of dues of Income-tax, Entry Tax, Sales Tax, Service Tax, Value Added Tax and Goods and Service Tax which have not been deposited as on March 31, 2020 on account of disputes are given below:

Name of Statute	Nature of dues	Forum where the dispute is pending	Period to which amount relates	Amount (₹ in mn)*
Income Tax Act, 1961	Income Tax	CIT(Appeals)	FY 2016-17	244
		Assessing Officer (TDS)	FY 2007-08 to FY 2018-19	1
Bihar Entry Tax Act, Jammu and Kashmir Entry Tax Act, Madhya Pradesh Entry Tax Act, Himachal Pradesh Entry Tax Act, Mizoram Entry Tax Act, Assam Entry Tax Act, Orissa Entry Tax Act, Rajasthan Entry Tax Act, Chhattisgarh Entry Tax Act, Nagaland Entry Tax Act	Entry Tax	Hon'ble High Court	FY 2007-08 to FY 2017-18	629

Name of Statute	Nature of dues	Forum where the dispute is pending	Period to which amount relates	Amount (₹ in mn)*
Bihar Entry Tax Act		Additional Commissioner Commercial Tax	2014-15	65
Chhattisgarh Entry Tax Act, Madhya Pradesh Entry Tax Act, Orissa Entry Tax Act, Himachal Pradesh Entry Tax Act		Tribunal	FY 2007-08 to FY 2013-14	62
Madhya Pradesh Entry Tax Act, Assam Entry Tax Act		Appellate Authority, Additional Commissioner	FY 2014-15 and FY 2016-17	1
Uttar Pradesh Entry Tax Act		Deputy Commissioner, Appeal	FY 2009-10	#
Madhya Pradesh VAT Act, 2002, Tripura VAT Act, Chhattisgarh VAT Act	Sales Tax	Tax Appellate Authority	FY 2011-12 to FY 2015-16	#
Uttar Pradesh Value Added Tax Act, 2007		Additional Commissioner Appeals	FY 2010-11	#
Bihar Value Added Tax Act, 2005		Joint Commissioner, Appeal	FY 2014-15	#
Finance Act, 1994	Service Tax	Hon'ble Supreme of India	FY 2007-08 to FY 2013-14	15,701
		CESTAT	FY 2013-14 to FY 2017-18	765
Madhya Pradesh Goods and Service Tax Act	Goods and Service Tax	Commercial Tax Officer	2018-19	#

# - Less than ₹ 1 million

\* - Of the above mentioned cases, total amount paid under protest; against income tax, entry tax and service tax is ₹ 3 mn, ₹ 1,598 mn and ₹ 165 mn, respectively.

- (viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of borrowings to banks and financial institutions. The Company has not taken any loan or borrowing from government and has not issued any debentures.
- (ix) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or term loans and hence reporting under clause (ix) of the CARO 2016 Order is not applicable.
- (x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the year.
- (xi) In our opinion and according to the information and explanations given to us, the Company has paid / provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.

- (xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the Order is not applicable.
- (xiii) In our opinion and according to the information and explanations given to us the Company is in compliance with Section 177 and 188 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- (xiv) During the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of the Order is not applicable to the Company.
- (xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its Directors

or persons connected to its directors and hence provisions of section 192 of the Companies Act, 2013 are not applicable to the Company.

- (xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For **Deloitte Haskins & Sells LLP**

Chartered Accountants

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

**Vijay Agarwal**

Partner

(Membership No.094468)

UDIN: 20094468AAAABW7867

Place: New Delhi

Date: April 23, 2020

# Balance Sheet

as at March 31, 2020

(Amounts in millions of Indian Rupees)

Particulars	Notes	As at March 31, 2020	As at March 31, 2019
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	5 (a)	50,535	53,203
Right of use assets	5 (b)	16,161	-
Capital work-in-progress		533	1,040
Intangible assets	5 (a)	97	46
Investment in joint venture	6	60,419	60,419
<b>Financial assets</b>			
Investment	7	17,122	18,454
Other financial assets	8	1,632	1,646
Income tax assets (net)		745	1,136
Deferred tax assets (net)	9	1,324	150
Other non-current assets	10	2,547	1,837
		<b>151,115</b>	<b>137,931</b>
<b>Current assets</b>			
<b>Financial assets</b>			
Investment	7	37,381	29,549
Trade receivables	11	7,715	5,454
Cash and cash equivalents	12	1,450	2
Other bank balance	13	18	14
Other financial assets	8	4,483	5,216
Other current assets	14	2,607	2,673
		<b>53,654</b>	<b>42,908</b>
		<b>204,769</b>	<b>180,839</b>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Equity share capital	15	18,496	18,496
Other equity	16	120,313	138,147
		<b>138,809</b>	<b>156,643</b>
<b>Non-current liabilities</b>			
<b>Financial liabilities</b>			
Lease liabilities	17	19,516	-
Other financial liabilities	18	635	2,430
Provisions	19	3,023	2,723
Other non-current liabilities	20	731	1,308
		<b>23,905</b>	<b>6,461</b>
<b>Current liabilities</b>			
<b>Financial liabilities</b>			
Borrowings	21	24,184	57
Trade payables	22		
- Total outstanding dues of micro enterprises and small enterprises		189	26
- Total outstanding dues of creditors other than micro enterprises and small enterprises		7,887	10,800
Lease liabilities	17	2,385	-
Other financial liabilities	23	2,251	2,171
Other current liabilities	24	4,850	4,393
Provisions	19	200	140
Current tax liabilities (net)		109	148
		<b>42,055</b>	<b>17,735</b>
		<b>65,960</b>	<b>24,196</b>
		<b>204,769</b>	<b>180,839</b>

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

For **Deloitte Haskins & Sells LLP**  
Chartered Accountants  
Firm registration number: 117366W/W-100018

**Vijay Agarwal**  
Partner  
Membership No: 094468

Place: New Delhi  
Date: April 23, 2020

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

**Akhil Gupta**  
Chairman

**Samridhi Rodhe**  
Company Secretary

**D S Rawat**  
Managing Director & CEO

# Statement of Profit and Loss

for the year ended March 31, 2020

(Amounts in millions of Indian Rupees; except per share data and as stated otherwise)

Particulars	Notes	Year ended March 31, 2020	Year ended March 31, 2019
<b>Income</b>			
Revenue from operations	25	67,383	68,217
Other income	26	1,287	12,276
<b>Total Income</b>		<b>68,670</b>	<b>80,493</b>
<b>Expenses</b>			
Power and fuel	27	23,664	25,598
Rent	28	-	3,421
Employee benefit expenses	29	2,935	2,915
Repairs and maintenance	30	2,503	3,286
Other expenses	31	2,111	1,317
<b>Total Expenses</b>		<b>31,213</b>	<b>36,537</b>
<b>Profit before depreciation and amortization, finance cost, finance income, charity and donation and tax</b>		<b>37,457</b>	<b>43,956</b>
Depreciation and amortization expense	32	13,176	11,043
Less: adjusted with general reserve in accordance with the Scheme of arrangement with Bharti Airtel Limited (refer note 43(a))	32	(402)	(406)
		<b>12,774</b>	<b>10,637</b>
Finance costs	33	3,333	529
Finance income	33	(3,370)	(4,406)
Charity and donation	45	598	545
<b>Profit before tax</b>		<b>24,122</b>	<b>36,651</b>
<b>Income tax expense:</b>		<b>6,656</b>	<b>8,861</b>
Current tax	9	5,805	8,469
Deferred tax	9	851	392
<b>Profit for the year</b>		<b>17,466</b>	<b>27,790</b>
<b>Other comprehensive income ('OCI')</b>			
<b>Items that will not be re-classified to Profit and Loss</b>			
Remeasurements gains/(loss) of defined benefit plans (net of tax)		(12)	5
<b>Items that will be re-classified to Profit and Loss</b>			
Fair value changes on financial assets through OCI (net of tax)		(98)	(27)
<b>Other comprehensive income/(loss) for the year, net of tax</b>		<b>(110)</b>	<b>(22)</b>
<b>Total comprehensive income/(loss) for the year, net of tax</b>		<b>17,356</b>	<b>27,768</b>
<b>Earnings per share ( Nominal Value of share ₹ 10 each )</b>			
Basic	34	9.443	15.025
Diluted	34	9.443	15.025

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

For **Deloitte Haskins & Sells LLP**  
Chartered Accountants  
Firm registration number: 117366W/W-100018

**Vijay Agarwal**  
Partner  
Membership No: 094468

Place: New Delhi  
Date: April 23, 2020

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

**Akhil Gupta**  
Chairman

**Samridhi Rodhe**  
Company Secretary

**D S Rawat**  
Managing Director & CEO



# Statement of Changes in Equity

as at March 31, 2020

(Amounts in millions of Indian Rupees; except share and per share data and as stated otherwise)

## A. Equity share capital

Equity shares of ₹ 10 each issued, subscribed and fully paid	No of shares (in thousands)	(₹ Million)
As at April 1, 2018	1,849,608	18,496
As at March 31, 2019	1,849,608	18,496
As at April 1, 2019	1,849,608	18,496
As at March 31, 2020	1,849,608	18,496

## B. Other equity

Particulars	Reserves and Surplus					Other comprehensive income	Total equity
	Securities Premium	Share Based Payment reserve	General Reserve	Capital Redemption Reserve	Retained earnings		
As at April 1, 2018	48,837	76	67,351	471	41,903	120	158,758
Profit for the year	-	-	-	-	27,790	-	27,790
Other comprehensive income	-	-	-	-	-	(22)	(22)
<b>Total comprehensive income</b>	-	-	-	-	27,790	(22)	27,768
- Gross compensation for options forfeited/ exercised during the year.	-	(34)	-	-	-	-	(34)
- Amount transferred to statement of profit and loss during the year in accordance with the Scheme of arrangement with Bharti Airtel Limited	-	-	(419)	-	-	-	(419)
- Amount transferred to stock options outstanding during the vesting period	-	26	-	-	-	-	26
- Premium on exercise of ESOP's*	-	-	(8)	-	-	-	(8)
- Dividends on equity shares	-	-	-	-	(39,767)	-	(39,767)
- Tax on dividends on equity shares	-	-	(8,177)	-	-	-	(8,177)
<b>As at March 31, 2019</b>	<b>48,837</b>	<b>68</b>	<b>58,747</b>	<b>471</b>	<b>29,926</b>	<b>98</b>	<b>138,147</b>
<b>As at April 1, 2019</b>	<b>48,837</b>	<b>68</b>	<b>58,747</b>	<b>471</b>	<b>29,926</b>	<b>98</b>	<b>138,147</b>
- Transition Impact of Ind AS 116	-	-	-	-	(3,739)	-	(3,739)
<b>Restated Balance as at April 1, 2019</b>	<b>48,837</b>	<b>68</b>	<b>58,747</b>	<b>471</b>	<b>26,187</b>	<b>98</b>	<b>134,408</b>
Profit for the year	-	-	-	-	17,466	-	17,466

# Statement of Changes in Equity

as at March 31, 2020

(Amounts in millions of Indian Rupees; except share and per share data and as stated otherwise)

## B. Other equity (Contd..)

Particulars	Reserves and Surplus					Other comprehensive income	Total equity
	Securities Premium	Share Based Payment reserve	General Reserve	Capital Redemption Reserve	Retained earnings		
Other comprehensive income	-	-	-	-	-	(110)	(110)
<b>Total comprehensive income</b>	-	-	-	-	<b>17,466</b>	<b>(110)</b>	<b>17,356</b>
- Gross compensation for options forfeited/ exercised during the year.	-	(27)	-	-	-	-	(27)
- Amount transferred to statement of profit and loss during the year in accordance with the Scheme of arrangement with Bharti Airtel Limited	-	-	(440)	-	-	-	(440)
- Amount transferred to stock options outstanding during the vesting period	-	19	-	-	-	-	19
- Premium on exercise of ESOP's*	-	-	(9)	-	-	-	(9)
- Dividend on equity shares	-	-	-	-	(25,709)	-	(25,709)
- Tax on dividend on equity shares	-	-	-	-	(5,285)	-	(5,285)
<b>As at March 31, 2020</b>	<b>48,837</b>	<b>60</b>	<b>58,298</b>	<b>471</b>	<b>12,659</b>	<b>(12)</b>	<b>120,313</b>

\*Represents the cost of purchase price in excess of fair value of grant recognised w.r.t shares vested during this period (net of forfeiture).

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

For **Deloitte Haskins & Sells LLP**  
Chartered Accountants  
Firm registration number: 117366W/W-100018

**Vijay Agarwal**  
Partner  
Membership No: 094468

Place: New Delhi  
Date: April 23, 2020

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

**Akhil Gupta**  
Chairman

**D S Rawat**  
Managing Director & CEO

**Samridhi Rodhe**  
Company Secretary

# Statement of Cash Flows

for the year ended March 31, 2020

(Amounts in millions of Indian Rupees)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
<b>Cash flows from operating activities</b>		
Profit before taxation	24,122	36,651
<b>Adjustments for -</b>		
Depreciation and amortization expense	12,774	10,637
Finance income	(3,370)	(4,406)
Finance costs	3,333	501
Dividend income	-	(11,261)
(Gain) on disposal of property, plant & equipment	(384)	(530)
Provision for doubtful trade receivables	683	(946)
Revenue Equalisation	(1,295)	-
Others	(1,879)	445
<b>Operating profit before changes in assets and liabilities</b>	<b>33,984</b>	<b>31,091</b>
Changes in other financial assets	326	108
Changes in other non-current and current assets	571	21
Changes in trade receivables	(2,945)	(2,531)
Changes in other financial liabilities	(2,282)	(318)
Changes in provisions	79	28
Changes in other non-current and current liabilities	15	193
Changes in trade payables	(1,243)	(62)
<b>Cash generated from operations</b>	<b>28,505</b>	<b>28,531</b>
Income tax paid (net of refunds)	(5,453)	(8,108)
<b>Net cash flow from operating activities (A)</b>	<b>23,052</b>	<b>20,423</b>
<b>Cash flows from investing activities</b>		
Purchase of property, plant & equipment	(8,286)	(9,484)
Proceeds from sale of property, plant & equipment	1,008	1,261
Investment in mutual funds	(80,162)	(74,953)
Investment in commercial paper, certificate of deposits and bonds	-	(4,698)
Proceeds from sale of mutual funds	64,078	96,277
Proceeds from sale of government securities	9,467	-
Redemption of certificate of deposits, Commercial paper and bonds	2,938	5,250

# Statement of Cash Flows

for the year ended March 31, 2020

(Amounts in millions of Indian Rupees)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Proceeds from bank deposits (net)	(7)	10
Proceeds from sale of non convertible debenture	-	1,000
Loan repaid by trust	13	15
Proceeds from exercise of stock options	-	6
Interest received	852	1,404
Dividend received	-	11,261
Investment in Subsidiary	(90)	-
Loan given to subsidiary	102	(170)
<b>Net cash flow from / (used in) investing activities (B)</b>	<b>(10,087)</b>	<b>27,179</b>
<b>Cash flows from financing activities</b>		
Proceeds from borrowings	23,853	4,000
Repayment of borrowings	-	(4,000)
Dividend paid	(25,709)	(39,767)
Tax on dividend paid	(5,285)	(8,177)
Interest Paid	(1,300)	(18)
Repayment of Leasehold liabilities (including interest)	(3,350)	-
<b>Net cash flow (used in) financing activities (C)</b>	<b>(11,791)</b>	<b>(47,962)</b>
<b>Net increase/(decrease) in cash and cash equivalents during the year (A+B+C)</b>	<b>1,174</b>	<b>(360)</b>
Cash and cash equivalents at the beginning of the year	(55)	305
<b>Cash and cash equivalents at the end of the year (Refer Note 12)</b>	<b>1,119</b>	<b>(55)</b>

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

For **Deloitte Haskins & Sells LLP**  
Chartered Accountants  
Firm registration number: 117366W/W-100018

**Vijay Agarwal**  
Partner  
Membership No: 094468

Place: New Delhi  
Date: April 23, 2020

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

**Akhil Gupta**  
Chairman

**D S Rawat**  
Managing Director & CEO

**Samridhi Rodhe**  
Company Secretary

# Notes to Standalone Financial Statements

for the year ended March 31, 2020

(Amounts in millions of Indian Rupees; unless stated otherwise)

## 1. Corporate information

Bharti Infratel Limited ('the Company' or 'BIL') was incorporated on November 30, 2006 with the object of, inter-alia, setting up, operating and maintaining wireless communication towers. The Company received the certificate of commencement of business on April 10, 2007 from the Registrar of Companies. The Registered office of the Company is situated at 901, Park Centra, Sector-30 NH-8, Gurugram Haryana-122001.

Bharti Infratel Limited is a subsidiary of Bharti Airtel Limited ('BAL') and BAL holds 33.57% shares in the Company. Nettle Infrastructure Investments Limited, Wholly owned Subsidiary of BAL also holds 19.94% shares in the Company as on March 31, 2020.

The Company is publicly traded on National Stock Exchange of India (NSE) and BSE Limited.

The Company had entered into a joint venture agreement with Vodafone Group and Aditya Birla Telecom Limited (now merged with Vodafone Idea Limited (formerly known as Idea Cellular Limited)) to provide passive infrastructure services in 15 Telecom circles of India and formed Indus Towers Limited for such purpose which is a Company incorporated in India. The Company and Vodafone Group are holding 42% each in Indus Towers Limited, 11.15% is held by Vodafone Idea Limited and 4.85% is held by P5 Asia Holding Investments (Mauritius) Limited.

On April 25, 2018, Bharti Infratel Limited ('Infratel') and Indus Towers Limited ('Indus') and their respective shareholders and creditors entered into a proposed scheme of amalgamation and arrangement (under section 230 to 232 and other applicable provisions of the Companies Act, 2013) ('Scheme') to create a pan-India tower company operating across all 22 telecom service areas. The combined company, which will fully own the respective businesses of Infratel and Indus Towers, will change its name to Indus Towers Limited and will continue to be listed on the Indian Stock Exchanges. The Scheme has received approval from Competition Commission of India and No Objection from the Securities Exchange Board of India through BSE Limited and National Stock Exchange of India Limited. The Scheme has also been approved by the Hon'ble Chandigarh Bench of the National Company Law Tribunal (NCLT). Further, approval of Department of Telecommunications for FDI has been received on February 21, 2020. The long stop date for the Scheme has been extended by the Board of Directors till June 24, 2020, subject to agreement on closing adjustments

and other conditions precedent for closing, with each party retaining the right to terminate and withdraw the scheme. The Scheme shall become effective on the date on which certified copy of the final order of Hon'ble NCLT is filed with Registrar of Companies upon fulfilment/ waiver of other conditions precedent in the Scheme.

A wholly owned subsidiary, Smartx Services Limited, was incorporated on September 21, 2015 with the object of transmission through Optic Fibre Cables and setting up Wi-Fi hotspots for providing services to telecom operators and others on sharing basis.

The financial statements are approved for issuance by the Company's Board of Directors on April 23, 2020.

## 2. Basis of preparation

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

The financial statements have been prepared under historical cost convention on accrual and going concern basis, except for the certain financial instruments which have been measured at fair value as required by relevant Ind ASs.

Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

All the amounts included in the financial statements are reported in millions of Indian Rupees ('Rupees' or '₹'), and are rounded to the nearest million (Mn) except per share data and unless stated otherwise.

## 3. Significant accounting policies

### a) Property, Plant and Equipment

Property, plant and equipment including Capital work in progress is stated at cost, except assets acquired under Schemes of Arrangement, which are stated at fair values as per the Schemes, net of accumulated depreciation and

# Notes to Standalone Financial Statements

for the year ended March 31, 2020

(Amounts in millions of Indian Rupees; unless stated otherwise)

accumulated impairment losses, if any. Such cost includes the cost of replacing part of the Property, plant and equipment and borrowing costs for long term construction projects if the recognition criteria are met. When significant parts of property, plant and equipment are required to be replaced in intervals, the Company recognizes such parts as separate component of assets with specific useful lives and provides depreciation over their useful life. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repair and maintenance costs are recognised in the Statement of Profit and Loss as incurred.

The present value of the expected cost for the decommissioning of the asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met. Refer note 4 regarding significant accounting judgements, estimates and assumptions and provisions for further information about the recorded decommissioning provision.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the Statement of Profit and Loss when the asset is derecognised.

Assets are depreciated to the residual values on a straight-line basis over the estimated useful lives. Estimated useful lives of the assets are as follows:

	Useful lives
Office Equipment	2 years / 5 years
Computer	3 years
Vehicles	5 years
Furniture and Fixtures	5 years
Plant & Machinery	3 to 20 Years
Leasehold Improvement	Period of Lease or useful life, whichever is less

The existing useful lives of tangible assets are different from the useful lives as prescribed under Part C of Schedule II to the Companies Act, 2013 and the Company believes that this is the best estimate on the basis of technical evaluation and actual usage period.

The existing residual values of tangible assets are different from 5% as prescribed under Part C of Schedule II to the Companies Act, 2013 and the Company believes that this is the best estimate on the basis of actual realization.

The assets' residual values and useful lives are reviewed at each financial year end or whenever there are indicators for impairment, and adjusted prospectively.

On transition to Ind AS, the Company has elected to continue with the carrying value of all its property, plant and equipment (including assets acquired under Schemes of Arrangement) except with an adjustment in decommissioning cost recognised as at April 1, 2015 measured as per the previous GAAP and use that carrying value as the cost of the property, plant and equipment.

## b) Intangible Assets

Intangible assets are recognized when the entity controls the asset, it is probable that future economic benefits attributed to the asset will flow to the entity and the cost of the asset can be reliably measured.

At initial recognition, the separately acquired intangible assets are recognised at cost. Intangible assets with finite useful lives are carried at cost less accumulated amortisation and accumulated impairment losses, if any.

Intangible assets are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset are reviewed at least at the end of each financial year. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets is recognised in the Statement of Profit and Loss unless such expenditure forms part of carrying value of another asset.

# Notes to Standalone Financial Statements

for the year ended March 31, 2020

(Amounts in millions of Indian Rupees; unless stated otherwise)

Software is capitalized at the amounts paid to acquire the respective license for use and is amortised over the period of license, generally not exceeding three years.

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 and Loss when the asset is derecognised.

## c) Impairment of non-financial assets

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. Impairment losses, if any, are recognized in Statement of Profit and Loss as a component of depreciation and amortisation expense.

A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited to the extent the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation or amortisation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognized in the Statement of Profit and Loss when the asset is carried at the revalued amount, in which case the reverse is treated as a revaluation increase.

## d) Current versus non-current classification

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

All other assets are classified as non-current.

A liability is 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

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The Company has identified twelve months as its operating cycle.

## e) Leases

A contract is, or contains, 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.

### Company as a lessee

The Company recognizes right-of-use asset representing its right to use the underlying asset for the lease term at the lease commencement date. The cost of the right-of-use asset measured at inception shall comprise of the amount



# Notes to Standalone Financial Statements

for the year ended March 31, 2020

(Amounts in millions of Indian Rupees; unless stated otherwise)

of the initial measurement of the lease liability adjusted for any lease payments made at or before the commencement date less any lease incentives received, plus any initial direct costs incurred. The right-of-use assets is subsequently measured at cost less any accumulated depreciation, accumulated impairment losses, if any and adjusted for any remeasurement of the lease liability. The right-of-use asset is depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset. Right-of-use assets are tested for impairment whenever there is any indication that their carrying amounts may not be recoverable. Impairment loss, if any, is recognised in the statement of profit and loss.

The Company measures the lease liability at the present value of the lease payments that are not paid at the commencement date of the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses incremental borrowing rate. For leases with reasonably similar characteristics, the Company may adopt the incremental borrowing rate for the entire portfolio of leases as a whole. The lease payments shall include fixed payments, variable lease payments, residual value guarantees, exercise price of a purchase option where the Company is reasonably certain to exercise that option and payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease. The lease liability is subsequently remeasured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made and remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments.

The Company recognises the amount of the re-measurement of lease liability as an adjustment to the right-of-use asset. Where the carrying amount of the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, the Company recognizes any remaining amount of the re-measurement in statement of profit and loss.

The Company may elect not to apply the requirements of Ind AS 116 to leases for which the underlying asset is of low value. The lease payments associated with these leases are recognized as an expense on a straight-line basis over the lease term.

The Company has opted to recognize the asset retirement obligation liability as part of the cost of an item of property, plant and equipment in accordance with Ind AS 16.

## Company as a lessor

Leases are classified as finance leases when substantially all of the risks and rewards of ownership transfer from the Company to the lessee. Amounts due from lessees under finance leases are recorded as receivables at the Company's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the net investment outstanding in respect of the lease.

Leases where the Company does not transfer substantially all the risks and rewards incidental to ownership of the asset are classified as operating leases. Lease rentals under operating leases are recognized as income on a straight-line basis over the lease term. Contingent rents are recognized as revenue in the period in which they are earned.

## f) Share-based payments

The Company issues equity-settled and cash-settled share-based options to certain employees. These are measured at fair value on the date of grant.

The fair value determined at the grant date of the equity-settled share-based options is expensed over the vesting period, based on the Company's estimate of the shares that will eventually vest.

The fair value determined on the grant date of the cash settled share based options is expensed over the vesting period, based on the Company's estimate of the shares that will eventually vest. At the end of each reporting period, until the liability is settled, and at the date of settlement, the fair value of the liability is recognized, with any changes in fair value pertaining to the vested period recognized immediately in the Statement of Profit and Loss.

At the vesting date, the Company's estimate of the shares expected to vest is revised to equal the number of equity shares that ultimately vest.

Fair value is measured using Black-Scholes framework and is recognized as an expense, together with a corresponding increase in equity/ liability as appropriate, over the period in which the options vest using the graded

# Notes to Standalone Financial Statements

for the year ended March 31, 2020

(Amounts in millions of Indian Rupees; unless stated otherwise)

vesting method. The expected life used in the model is adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioral considerations. The expected volatility and forfeiture assumptions are based on historical information.

Where the terms of a share-based payments are modified, the minimum expense recognized is the expense as if the terms had not been modified, if the original terms of the award are met. An additional expense is recognized for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it is vested on the date of cancellation, and any expense not yet recognized for the award is recognized immediately. This includes any award where non-vesting conditions within the control of either the entity or the employee are not met. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect of outstanding options if any, is reflected as additional share dilution in the computation of diluted earnings per share.

## g) Cash and Cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at banks and in hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose of the Statement of Cash Flows.

## h) Financial Instruments

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

## Financial Assets

### Initial Recognition and Measurement

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

### Subsequent Measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Debt instruments at amortised cost
- Debt instruments at fair value through other comprehensive income (FVTOCI)
- Debt instruments, derivatives and equity instruments at fair value through Profit or Loss (FVTPL)
- Equity instruments measured at fair value through other comprehensive income (FVTOCI)

### Debt Instruments at Amortised Cost

This category applies to the Company's trade receivables, unbilled revenue, security deposits etc.

A 'debt instrument' is measured at the amortised cost if both the following conditions are met:

- a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows and
- b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the Statement of Profit and Loss. The losses arising from impairment are recognised in the Statement of Profit and Loss.

# Notes to Standalone Financial Statements

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## Debt instrument at fair value through other comprehensive income (FVTOCI)

A 'debt instrument' is classified at FVTOCI if both of the following criteria are met:

- a) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and
- b) The asset's contractual cash flows represent SPPI.

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income (OCI). However, the Company recognizes interest income, impairment losses & reversals in the Statement of Profit and Loss. On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from the equity to Statement of Profit and Loss.

Interest earned whilst holding FVTOCI debt instrument is reported as interest income.

The Company has classified investment in tax free bonds within this category.

## Debt instrument at fair value through profit or loss (FVTPL)

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization at amortized cost or at FVTOCI, is classified at FVTPL.

Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the Statement of Profit and Loss. This category applies to the Company's investment in government securities, mutual funds, taxable bonds and non convertible debentures.

In addition, the Company may elect to designate a debt instrument, which otherwise meets amortized cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch'). The Company has not designated any debt instrument at FVTPL.

## Equity investments

All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading and contingent consideration recognised by an acquirer in a business combination, if any to which Ind AS 103 applies are classified as at fair value through Profit or loss. There are no such equity investments measured at fair value through profit or loss or fair value through other comprehensive income in the company.

**De-recognition:-** A financial asset (or, where applicable, a part of a financial asset) is primarily derecognised (i.e. removed from the Company's balance sheet) when:

- a) The contractual rights to receive cash flows from the asset have expired, or
- b) The Company has transferred its contractual rights to receive cash flows from the financial asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

## Impairment of Financial Assets

In accordance with Ind AS 109, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the Financial assets that are debt instruments and are initially measured at fair value with subsequent measurement at amortised cost e.g Trade receivables, unbilled revenue etc.

The Company follows 'simplified approach' for recognition of impairment loss allowance for trade receivables.

The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

For recognition of impairment loss on other financial assets and risk exposure, the Company determines whether there has been a significant increase in the credit risk since initial

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recognition. If credit risk has not increased significantly, twelve month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in the subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on a twelve month ECL.

ECL is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the entity expects to receive (i.e., all cash shortfalls), discounted at the original EIR.

## Financial Liabilities

### Initial Recognition and Measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings or payables, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Company's financial liabilities include trade and other payables, security deposits, lease liabilities etc.

### Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

#### Financial liabilities at fair value through profit or loss (FVTPL)

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risk are recognized in OCI. These gains/ loss are not subsequently transferred to Statement of Profit and Loss. However, the Company may transfer the

cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the Statement of Profit or Loss.

### Financial Liabilities at Amortised cost

This category includes security deposit received, trade payables etc After initial recognition, such liabilities are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in Statement of Profit and Loss when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the Statement of Profit and Loss.

### De-recognition

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

### Reclassification of Financial Assets

The Company determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be infrequent. The Company's senior management determines change in the business model as a result of external or internal changes which are significant to the Company's operations. Such changes are evident to external parties. A change in the business model occurs when the Company either begins or ceases to perform an activity that is significant to its operations. If the Company reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change

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in business model. The Company does not restate any previously recognised gains, losses (including impairment gains or losses) or interest.

## Offsetting of Financial Instruments

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

### i) Revenue Recognition

The Company earns revenue primarily from rental services by leasing of passive infrastructure and energy revenue by the provision of energy for operation of sites.

Effective April 1, 2018, the Company has applied Ind AS 115 "Revenue from Contracts with Customers" which establishes a comprehensive framework to depict timing and amount of revenue to be recognised. The Company has adopted Ind AS 115 using cumulative effect method, where any effect arising upon application of this standard is recognised as at the date of initial application (i.e April 1, 2018). There was no impact on adoption of Ind AS 115 to the financial statements of the Company.

Revenue is recognized when the Company satisfies the performance obligation by transferring the promised services to the customers. Services are considered performed when the customer obtains control, whereby the customer gets the ability to direct the use of such services and substantially obtains all benefits from the services. When there is uncertainty as to measurement or ultimate collectability, revenue recognition is postponed until such uncertainty is resolved.

In order to determine, if it is acting as principal or as an agent, the entity shall determine whether the nature of its promise is a performance obligation to provide the specified services itself (i.e. the entity is a principal) or to arrange for those services to be provided by the other party (i.e. the entity is an agent) for all its revenue arrangements.

## Service revenue

Service revenue includes rental revenue for use of sites and energy revenue for the provision of energy for operation of sites.

Rental revenue is recognized as and when services are rendered on a monthly basis as per the contractual terms prescribed under master service agreement entered with customer. The Company has ascertained that the lease payment received are straight lined over the period of the contract.

Exit Charges is recognised when uncertainty relating to the amounts receivable on exit is resolved and it is probable that a significant reversal relating to the amounts receivable on exit will not occur.

Interest on delayed payment from operators is recognized as income when uncertainty relating to amount receivable is resolved and it is probable that a significant reversal relating to this amount will not occur.

Energy revenue is recognized over the period on a monthly basis upon satisfaction of performance obligation as per contracts with the customers. The transaction price is the consideration received from customers based on prices agreed as per the contract with the customers. The determination of standalone selling prices is not required as the transaction prices are stated in the contract based on the identified performance obligation.

Unbilled revenue represents revenues recognized after the last invoice raised to customer to the period end. These are billed in subsequent periods based on the prices specified in the master service agreement with the customers, whereas invoicing in excess of revenues are classified as unearned revenues. The Company collects GST on behalf of the government and therefore, it is not an economic benefit flowing to the Company, hence it is excluded from revenue.

## Use of significant judgements in revenue recognition

The Company's contracts with customers include promises to transfer services to a customer which

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are energy and rentals. Rentals are not covered within the scope of Ind AS 115, hence identification of distinct performance obligation within Ind AS 115 do not involve significant judgement.

Judgement is required to determine the transaction price for the contract. The transaction price could be either a fixed amount of customer consideration or variable consideration with elements such as discounts, service level credits, waivers etc. The estimated amount of variable consideration is adjusted in the transaction price only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur and is reassessed at the end of each reporting period.

In evaluating whether a significant revenue reversal will not occur, the Company considers the likelihood and magnitude of the revenue reversal and evaluates factors which results in constraints such as historical experience of the Company with a particular type of contract, and the regulatory environment in which the customers operates which results in uncertainty which is less likely to be resolved in near future.

The Company provides volume discount to its customers based on slab defined in the revenue contracts. Contract also contains clause on Service Level Penalty/ rewards in case the Company is not able to maintain uptime level mentioned in the agreement. These discount/penalties are called variable consideration.

There is no additional impact of variable consideration as per Ind AS 115 since maximum discount is already being given to customer and the same is deducted from revenue.

There is no additional impact of SLA penalty as the Company already estimates SLA penalty amount and the same is provided for at each month end. The SLA penalty is presented as net off with revenue in the Statement of profit and loss.

Exit charges are recognised in the Statement of Profit and loss when the amounts due are collected and there is no uncertainty relating to discounts and waivers.

Determination of standalone selling price do not involve significant judgement for the Company. The Company exercises judgement in determining whether the performance obligation is satisfied at a point in time or over a period of time. The Company considers the indicators on how customer consumes benefits as services are rendered in making the evaluation. Contract fulfillment costs are generally expensed as incurred. The assessment of this criteria requires the application of judgement, in particular when considering if costs generate or enhance resources to be used to satisfy future performance obligations and whether costs are expected to be recovered.

## Dividend Income

Dividend Income is recognized when the right to receive payment is established, which is generally on the date when shareholders approve the dividend in case of final dividend and approval by Board of Directors in case of interim dividend.

## j) Finance income

Finance income comprises interest income on funds invested and changes in the fair value of financial assets at fair value through profit or loss, and that are recognised in Statement of Profit and Loss. Interest income is recognised as it accrues in Statement of Profit and Loss, using the effective interest rate (EIR) which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset.

Finance income does not include dividend income, interest on income tax refund etc. which is included in other income.

## k) 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.



# Notes to Standalone Financial Statements

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## 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 as current income tax assets / 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 management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

The expense on dividends are linked directly to past transactions or events that generated distributable profits than to distribution to owners. Therefore the company shall recognise the income tax on dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events

## Deferred tax

Deferred tax is recognised, using the balance sheet approach, on temporary differences arising between the tax bases of assets and liabilities and their carrying values in the financial statements. However, 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.

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

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

Deferred 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 relates to income tax levied by the same taxation authority.

## l) Dividend Payments

Final dividend is recognized, when it is approved by the shareholders and the distribution is no longer at the discretion of the Company. However, Interim dividends are recorded as a liability on the date of declaration by the Company's Board of Directors.

## m) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

## n) Retirement and other employee benefits

Short term employee benefits are recognised in the period during which the services have been rendered.

The Company post employment benefits include defined benefit plan and defined contribution plans. The Company also provides other benefits in the form of deferred compensation and compensated absences.

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions to a statutory authority and will have no legal or constructive obligation to pay further amounts. The Company contributions to defined contribution plans are recognized in Statement of Profit & Loss when the related services are rendered. The Company has no further obligations under these plans beyond its periodic contributions.

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. Under the



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defined benefit retirement plan, the Company provides retirement obligation in the form of Gratuity. Under the plan, a lump sum payment is made to eligible employees at retirement or termination of employment based on respective employee salary and years of experience with the Company.

The cost of providing benefits under this plan is determined 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. Actuarial gains and losses are recognised in full in the period in which they occur in other comprehensive income forming part of Statement of Profit and Loss.

The obligation towards the said benefit is recognised in the balance sheet as the difference between the fair value of the plan assets and the present value of the plan liabilities. Scheme liabilities are calculated using the projected unit credit method and applying the principal actuarial assumptions as at the date of Balance Sheet. Plan assets are assets that are held by a long-term employee benefit fund or qualifying insurance policies.

All expenses excluding remeasurements of the net defined benefit liability (asset), in respect of defined benefit plans are recognized in the profit or loss as incurred. Remeasurements, comprising actuarial gains and losses and the return on the plan assets (excluding amounts included in net interest on the net defined benefit liability (asset)), are recognized immediately in the Balance Sheet with a corresponding debit or credit through other comprehensive income in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

The Company provides other benefits in the form of compensated absences and long term service awards. The employees of the Company are entitled to compensated absences based on the unavailed leave balance. The Company records liability based on actuarial valuation computed under projected unit credit method. Actuarial gains / losses are immediately taken to the Statement of Profit and Loss and are not deferred. The Company presents the entire leave encashment liability as a current liability in the balance sheet, since the Company does not have an unconditional right to defer its settlement for more than 12 months after the reporting date.

Under the long term service award plan, a lump sum payment is made to an employee on completion of specified years of service. The Company records the liability based on actuarial valuation computed under projected unit credit method. Actuarial gains / losses are immediately taken to the Statement of Profit and Loss and are not deferred. The amount charged to the Statement of Profit and Loss in respect of these plans is included within operating costs

## o) Provisions

### (i) 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 embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

When the Company expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the Statement of Profit and Loss, net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time (i.e. unwinding of discount) is recognised as a finance cost.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources would be required to settle the obligation, the provision is reversed.

### (ii) Contingent Assets/ Liabilities

Contingent assets are not recognised. However, when realisation of income is virtually certain, then the related asset is no longer a contingent asset, and is recognised as an asset.

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

### (iii) Asset Retirement Obligations

Asset retirement obligations (ARO) are provided for those operating lease arrangements where the Company has a binding 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 using estimated cash flows and are recognized as part of the cost of the particular asset. The cash flows are discounted at a current pre-tax rate that reflects the risks specific to the site restoration obligation. The unwinding of the discount is expensed as incurred and recognized in the Statement of Profit and Loss as a finance cost. The estimated future costs of decommissioning are reviewed annually and adjusted as appropriate. Changes in the estimated future costs or in the discount rate applied are added to or deducted from the cost of the asset.

### p) Earnings Per Share (EPS)

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

Diluted EPS is calculated by dividing the profit attributable to ordinary equity shareholders of the Company by the weighted average number of Equity shares outstanding during the period plus the weighted average number of Equity shares that would be issued on conversion of all the dilutive potential Equity shares into Equity shares.

### q) Fair Value Measurement

The Company measures financial instruments at fair value at each reporting date. Fair value is the price that would

be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- I. **Level 1** - Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- II. **Level 2** - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
- III. **Level 3** - Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs)

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company

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determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

This note summarises accounting policy for fair value measurement. Other fair value related disclosures are given in the relevant notes.

## r) Foreign Currency

### Functional and presentation currency

The Company's financial statements are presented in INR, which is also the Company's functional currency. Presentation currency is the currency in which the company's financial statements are presented. Functional currency is the currency of the primary economic environment in which an entity operates and is normally the currency in which the entity primarily generates and expends cash. All the financial information presented in Indian Rupees (INR) has been rounded to the nearest of million rupees, except where otherwise stated.

### Transactions and Balances

Transactions in foreign currencies are initially recorded by the Company at the functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Differences arising on settlement or translation of monetary items are recognised in Statement of Profit or Loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured

at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

## s) Share capital

### Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of any tax effects.

## 4. Significant accounting judgements, estimates and assumptions

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

### Judgements

In the process of applying the Company's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the financial statements:

#### a) Leases

##### Company as lessor

The Company has assessed that its master service agreement ("MSA") with operators contains lease of its tower sites and plant and equipment and has determined, based on evaluation of the terms and conditions of the arrangements such as various lessees sharing the same tower sites with specific area, the fair value of the asset and all the significant risks and rewards of ownership of these properties retained by the Company, that such contracts are in the nature of operating lease and has accounted for as such.

Lease rentals under operating leases are recognised as income on straight line basis over the lease term.

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## Company as lessee

The Company determines the lease term as the non-cancellable period of a lease, together with both periods covered by an option to extend the lease if the Company is reasonably certain to exercise that option; and periods covered by an option to terminate the lease if the Company is reasonably certain not to exercise that option. In assessing whether the Company is reasonably certain to exercise an option to extend a lease, or not to exercise an option to terminate a lease, it considers all relevant facts and circumstances that create an economic incentive for the Company to exercise the option to extend the lease, or not to exercise the option to terminate the lease. The Company evaluates if an arrangement qualifies to be a lease as per the requirements of Ind AS 116. Identification of a lease requires significant judgment. The Company uses significant judgement in assessing the lease term (including anticipated renewals) and the applicable discount rate. The discount rate is generally based on the incremental borrowing rate calculated as the weighted average rate specific to the portfolio of leases with similar characteristics.

## Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company has based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

### b) Impairment of non-financial assets

The carrying amounts of the Company's non-financial assets, other than deferred tax assets, are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit ('CGU') is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets ('CGU').

The Company's corporate assets do not generate separate cash inflows. If there is an indication that a corporate asset may be impaired, then the recoverable amount is determined for the CGU to which the corporate asset belongs.

An impairment loss is recognized, if the carrying amount of an asset or its cash-generating unit exceeds its estimated recoverable amount and are recognised in Statement of Profit and Loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of goodwill, if any, allocated to the units and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis.

Impairment losses recognised in prior periods are assessed at end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Such reversal is recognised in the statement of profit and loss except when the asset is carried at revalued amount, the reversal is treated as a revaluation increase.

### c) Property, plant and equipment

Refer Note 3(a) for the estimated useful life of Property, plant and equipment.

Property, plant and equipment also represent a significant proportion of the asset base of the Company. Therefore,

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the estimates and assumptions made to determine their carrying value and related depreciation are critical to the Company's financial position and performance.

The charge in respect of periodic depreciation is derived after determining an estimate of an asset's expected useful life and the expected residual value at the end of its life. Increasing an asset's expected life or its residual value would result in a reduced depreciation charge in the Statement of Profit and Loss.

The useful lives and residual values of Company assets are determined by management at the time the asset is acquired and reviewed periodically. The lives are based on historical experience with similar assets as well as anticipation of future events which may impact their life, such as changes in technology.

During the financial year 2014-15, the Company had reassessed the useful life and residual value of all its assets, accordingly, effective April 1, 2014, it has revised the useful life of certain class of shelters from 15 years to 10 years and revised the residual value of certain plant and machineries (batteries and DG sets) from Nil and 5% to 25% and 10%, respectively.

Further, with effect from April 1, 2018, the Company has reassessed the residual value of batteries and Diesel generators from 25% to 35% and from 10% to 20% respectively. Further, with effect from April 1, 2019, the Company has reassessed the residual value of air conditioners from Nil to 5%.

Set out below is impact of such change on future period depreciation:-

Particulars	Year ended March 31, 2020	After March 31, 2020
Decrease in Depreciation	995	1,690

## d) Allowance of doubtful trade receivable

The expected credit loss is mainly based on the ageing of the receivable balances and historical experience. Based on the industry practices and the business environment in which the entity operates, management considers that the trade receivables are provided if the payment are more than 90 days past due. 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.

## e) Asset retirement obligation

The Company uses various leased premises to install its tower assets. A provision is recognised for the cost to be incurred for the restoration of these premises at the end of the lease period, which is estimated based on actual quotes, which are reasonable and appropriate under these circumstances. It is expected that these provisions will be utilised at the end of the lease period of the respective sites as per respective lease agreements.

## f) Share based payment

The Company initially measures the cost of cash-settled transactions with employees using a binomial model to determine the fair value of the liability incurred. Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. For cash-settled share-based payment transactions, the liability needs to be remeasured at the end of each reporting period up to the date of settlement, with any changes in fair value recognised in the profit or loss. This requires a reassessment of the estimates used at the end of each reporting period.

# Notes to Standalone Financial Statements

for the year ended March 31, 2020

(Amounts in millions of Indian Rupees; unless stated otherwise)

## 5.

### (a) Property, Plant & Equipment & Intangible Asset

Particulars	Land	Plant and equipment	Office furniture and equipment	Vehicles	Computers	Leasehold improvements	Tangible assets Total	Intangible assets**
<b>Cost or valuation</b>								
<b>As at April 1, 2018</b>	<b>2</b>	<b>140,692</b>	<b>227</b>	<b>6</b>	<b>921</b>	<b>341</b>	<b>142,189</b>	<b>525</b>
Additions	-	8,927	10	1	35	11	8,984	11
Disposals/Adjustment	-	(3,706)	(3)	-	(6)	(2)	(3,717)	-
<b>As at March 31, 2019</b>	<b>2</b>	<b>145,913</b>	<b>234</b>	<b>7</b>	<b>950</b>	<b>350</b>	<b>147,456</b>	<b>536</b>
<b>Adjustments for Ind As 116*</b>	-	(138)	-	-	-	-	(138)	-
<b>Restated Balance As at April 1, 2019</b>	<b>2</b>	<b>145,775</b>	<b>234</b>	<b>7</b>	<b>950</b>	<b>350</b>	<b>147,318</b>	<b>536</b>
Additions	-	9,047	25	(0)	7	7	9,086	128
Disposals/Adjustment	-	(4,181)	(5)	(5)	(33)	-	(4,224)	-
<b>As at March 31, 2020</b>	<b>2</b>	<b>150,641</b>	<b>254</b>	<b>2</b>	<b>924</b>	<b>357</b>	<b>152,180</b>	<b>664</b>
<b>Accumulated Depreciation/Amortisation</b>								
<b>As at April 1, 2018</b>	-	<b>85,100</b>	<b>200</b>	<b>4</b>	<b>820</b>	<b>251</b>	<b>86,375</b>	<b>448</b>
Charge for the year	-	10,893	13	1	71	23	11,001	42
Disposals/Adjustment	-	(3,117)	(3)	-	(1)	(2)	(3,123)	-
<b>As at March 31, 2019</b>	-	<b>92,876</b>	<b>210</b>	<b>5</b>	<b>890</b>	<b>272</b>	<b>94,253</b>	<b>490</b>
<b>Adjustments for Ind As 116</b>	-	(53)	-	-	-	-	(53)	-
<b>Restated Balance As at April 1, 2019</b>	-	<b>92,823</b>	<b>210</b>	<b>5</b>	<b>890</b>	<b>272</b>	<b>94,200</b>	<b>490</b>
Charge for the year	-	10,961	24	-	39	20	11,044	77
Disposals/Adjustment	-	(3,564)	(4)	(4)	(27)	-	(3,599)	-
<b>As at March 31, 2020</b>	-	<b>100,220</b>	<b>230</b>	<b>1</b>	<b>902</b>	<b>292</b>	<b>101,645</b>	<b>567</b>
<b>As at March 31, 2019</b>	<b>2</b>	<b>53,037</b>	<b>24</b>	<b>2</b>	<b>60</b>	<b>78</b>	<b>53,203</b>	<b>46</b>
<b>As at April 1, 2019</b>	<b>2</b>	<b>52,952</b>	<b>24</b>	<b>2</b>	<b>60</b>	<b>78</b>	<b>53,118</b>	<b>46</b>
<b>As at March 31, 2020</b>	<b>2</b>	<b>50,421</b>	<b>24</b>	<b>1</b>	<b>22</b>	<b>65</b>	<b>50,535</b>	<b>97</b>

\*\*Intangible Assets Includes Computer Software

- "Plant and equipment" comprise of assets given on operating lease.
- Depreciation charge for the year includes ₹ 255 Mn (FY 2018 - 19 - ₹ 382 Mn) being the amount provided for asset obsolescence/impairment with respect to assets not in active use.
- Disposal/adjustment includes cost and accumulated depreciation for assets sold and the assets for which insurance claims are made by the Company.
- Net book value of computers of Nil (March 31, 2019; ₹ 23 Mn) are under finance lease.

A

B

C

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> Notes to Standalone Financial Statements

# Notes to Standalone Financial Statements

for the year ended March 31, 2020

(Amounts in millions of Indian Rupees; unless stated otherwise)

## b) Right of Use Assets\*

Particulars	Amount
<b>Balance as at April 1, 2019</b>	<b>15,729</b>
Additions during the year	5,582
Disposals during the year	(3,095)
Depreciation during the year	(2,055)
<b>Balance as at March 31, 2020</b>	<b>16,161</b>

\*Refer note 48 for detailed explanation.

## 6. Investment in joint venture

Particulars	As at March 31, 2020	As at March 31, 2019
<b>Unquoted, at cost</b>		
Indus towers Limited: 500,504 (March 31, 2019- 500,504) equity shares of ₹ 1 each fully paid up	60,419	60,419
	<b>60,419</b>	<b>60,419</b>

## 7. Investment

### a) Non-current investments

Particulars	As at March 31, 2020	As at March 31, 2019
<b>Investment in subsidiary (Unquoted) at cost</b>		
Smartx Services Limited: 12,000,000 (March 31, 2019- 3,000,000) equity shares of ₹ 10 each fully paid up	120	30
<b>Investments carried at fair value through profit or loss</b>		
Mutual funds (quoted)	17,002	16,007
Government securities (quoted)	-	293
<b>Investments carried at fair value through other comprehensive income</b>		
Bonds (quoted)	-	2,124
	<b>17,122</b>	<b>18,454</b>

### b) Current investments

Particulars	As at March 31, 2020	As at March 31, 2019
<b>Investments carried at fair value through profit or loss</b>		
Mutual funds (quoted)	34,441	16,823
Bonds (quoted)	-	801
Government securities (quoted)	2,940	11,925
	<b>37,381</b>	<b>29,549</b>
Aggregate value of unquoted Investments (cost)	120	30
Aggregate value of quoted Investments (cost)	50,798	46,622
Aggregate market value of quoted Investments	54,383	47,973



# Notes to Standalone Financial Statements

for the year ended March 31, 2020

(Amounts in millions of Indian Rupees; unless stated otherwise)

## Non-Current Investments

Details of investments in mutual funds are provided below:

Particulars	As at March 31, 2020		As at March 31, 2019	
	Unit No.	Amount	Unit No.	Amount
Axis Liquid Fund - Growth (CFGPG)	2,173,652	4,769	2,173,652	4,489
Baroda Pioneer Liquid Fund - Plan A - Growth	1,513,826	3,442	1,513,826	3,238
DSP Liquid Fund-Regular-Plan-Growth	1,138,181	3,212	1,138,181	3,026
L& T Liquid - Growth	784,834	2,127	784,834	2,004
Tata Liquid Fund Regular Plan-Growth	687,670	2,142	687,670	2,015
UTI - Liquid Cash Plan - Institutional Growth	404,787	1,310	404,787	1,235
	<b>6,702,950</b>	<b>17,002</b>	<b>6,702,950</b>	<b>16,007</b>

Details of investments in government securities are provided below:

Particulars	As at March 31, 2020		As at March 31, 2019	
	Units	Amount	Units	Amount
6.97% Govt Stock 2026	-	-	3,000,000	293
			<b>3,000,000</b>	<b>293</b>

Details of investments in bonds are provided below:

Particulars	As at March 31, 2020		As at March 31, 2019	
	Units	Amount	Units	Amount
Housing and Urban Development Corporation Limited	-	-	200,000	222
Indian Railway Finance Corporation Limited	-	-	1,000	1,064
National Highway Authority of India	-	-	500	524
NTPC Limited	-	-	300	314
	<b>-</b>	<b>-</b>	<b>201,800</b>	<b>2,124</b>

## Current Investments

Details of investments in mutual funds are provided below:

Particulars	As at March 31, 2020		As at March 31, 2019	
	Units	Amount	Units	Amount
Aditya Birla Sun Life Liquid fund - Growth - Regular plan	8,581,317	2,727	-	-
Aditya Birla Sun Life Money Manager Fund - Growth - Regular Plan	2,995,937	806	2,995,937	750
Aditya Birla Sun Life Ovenite fund-Growth - Regular plan	232,034	250	-	-
Birla Sun Life Cash Plus - Regular - Growth	-	-	922,495	276

# Notes to Standalone Financial Statements

for the year ended March 31, 2020

(Amounts in millions of Indian Rupees; unless stated otherwise)

Details of investments in mutual funds are provided below: (Contd..)

Particulars	As at March 31, 2020		As at March 31, 2019	
	Units	Amount	Units	Amount
Franklin India Liquid Fund	1,084,202	3,221	855,180	2,384
HDFC liquid fund - Regular Plan - Growth	22,284	87	-	-
HSBC Cash Fund	1,817,400	3,579	1,817,400	3,373
ICICI Prudential Liquid Plan - Growth	17,169,140	5,022	8,616,678	2,373
Invesco India Liquid Fund - Growth	184,237	500	931,426	2,386
JM High Liquidity Fund - Growth Option	-	-	3,332,222	170
Kotak Liquid fund - Growth (Regular Plan)	873,307	3,494	-	-
Kotak Money Market Fund Growth Regular Plan	1,036,601	3,421	1,036,601	3,189
Nippon India Liquid Fund-Growth Plan-Growth Option	819,713	3,953	-	-
SBI Liquid Fund Regular Growth	1,392,098	4,307	-	-
Sundaram Money Fund Regular Growth	24,329,258	1,013	-	-
UTI-Money Market Fund - Institutional Plan - Growth	915,970	2,061	915,970	1,922
	<b>61,453,498</b>	<b>34,441</b>	<b>21,423,909</b>	<b>16,823</b>

Details of investments in bonds are provided below:

Particulars	As at March 31, 2020		As at March 31, 2019	
	Units	Amount	Units	Amount
8.68% Indiabulls Housing Finance	-	-	800	801
	-	-	<b>800</b>	<b>801</b>

Details of investments in government securities are provided below:

Particulars	As at March 31, 2020		As at March 31, 2019	
	Units	Amount	Units	Amount
7.68% Govt Stock 2023	27,500,000	2,940	98,000,000	10,089
8.27% Govt Stock 2020	-	-	18,000,000	1,836
	<b>27,500,000</b>	<b>2,940</b>	<b>116,000,000</b>	<b>11,925</b>

# Notes to Standalone Financial Statements

for the year ended March 31, 2020

(Amounts in millions of Indian Rupees; unless stated otherwise)

## 8. Other financial assets

### a) Non-current

Particulars	As at March 31, 2020	As at March 31, 2019
<b>Security deposit</b>		
Unsecured, considered good	1,427	1,342
Unsecured, considered doubtful	364	294
Less :- Provisions	(364)	(294)
	<b>1,427</b>	<b>1,342</b>
Loans given- Unsecured Considered Good	189	291
Fixed deposits for more than one year	16	13
	<b>1,632</b>	<b>1,646</b>

“Security deposit” includes ₹ 6 Mn given to related parties (March 31, 2019- ₹ 3 Mn). For details, refer note 41.

The Company has granted an interest free unsecured loan to its wholly owned subsidiary company “Smartx Services Limited”.

### b) Current

Particulars	As at March 31, 2020	As at March 31, 2019
Unbilled revenue	4,357	4,698
Interest accrued on Investments	66	448
Other Recoverable	60	70
	<b>4,483</b>	<b>5,216</b>

“Unbilled revenue” includes amount pertaining to related parties amounting to ₹ 3,061 Mn as at March 31, 2020 (March 31, 2019 - ₹ 2,984 Mn). For details refer note 41.

## 9. Taxes

### a) Income tax expense

The major components of income tax expense are:

#### i. Profit and loss

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Current tax	5,805	8,469
Deferred tax	851	392
<b>Income tax expense</b>	<b>6,656</b>	<b>8,861</b>

Current tax expense includes tax charge of ₹ 9 Mn (March 31, 2019 – tax reversal of ₹ 46 Mn) and deferred tax expense includes tax expense reversal of ₹ 1 Mn (March 31, 2019 – tax expense of ₹ 30 Mn), respectively relating to earlier periods.

# Notes to Standalone Financial Statements

for the year ended March 31, 2020

(Amounts in millions of Indian Rupees; unless stated otherwise)

Further, Current tax expense also includes the tax benefit of ₹ 63 Mn, on account of donations of ₹ 250 Mn to PM Cares fund (COVID-19) paid subsequent to the reporting period, as per the ordinance passed by the Government and recognised the deferred tax with the same amount.

## ii. Other Comprehensive Income

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Deferred tax on re-measurements of defined benefit plan	(4)	(3)
Deferred tax on Fair Value changes of financial assets at FVTOCI	(13)	3
<b>Income tax charged to other comprehensive income</b>	<b>(17)</b>	<b>-</b>

## (b) Reconciliation of effective tax rate:

A reconciliation of the income tax provision to the amount computed by applying the statutory income tax rate to the income before income taxes is summarized below:

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Net income before taxes	24,122	36,651
Enacted tax rate in India	25.168%	34.944%
<b>Computed tax expense</b>	<b>6,071</b>	<b>12,807</b>
<b>Increase/(reduction) in taxes on account of:</b>		
Tax effect on exempted income	(12)	(3,986)
Tax effect of long-term MTM loss/(gain) on non-current investment	(54)	(11)
Tax effect of long term capital loss/(gain) on sale of non-current investment	11	(19)
Tax effect on Transition to Ind AS 116 due to change in tax rate	562	-
Others	78	70
<b>Income tax expense recorded in the statement of profit and loss</b>	<b>6,656</b>	<b>8,861</b>

The applicable Indian statutory tax rate for financial year 2019-20 is 25.168% and for financial year 2018-19 was 34.944%.

The company has elected to exercise the option permitted under section 115BAA of the Income - tax Act, 1961 as introduced by the Taxation Laws (Amendment) Ordinance, 2019 dated September 20, 2019. Accordingly, the Company has recognised Provision of Income tax and remeasured its deferred tax assets basis the rate prescribed in the said section and taken the full effect to Statement of profit and loss.

# Notes to Standalone Financial Statements

for the year ended March 31, 2020

(Amounts in millions of Indian Rupees; unless stated otherwise)

## (c) Deferred tax liabilities/(assets)

The components that gave rise to deferred tax assets and liabilities are as follows:

Particulars	As at March 31, 2020	As at March 31, 2019
<b>Deferred tax liability in relation to:</b>		
Right of use assets	4,068	-
Property, plant and equipment and intangible asset (excluding ARO)	41	567
Investment carried at Fair value through profit or loss/ OCI	895	565
Security deposit received measured at amortised cost	19	94
Gain on disposal of subsidiary (refer note 43(b))	114	116
Tax effect on Donation to PM Cares Fund	63	-
Revenue equalisation reserve	325	-
<b>Total deferred tax liabilities</b>	<b>5,525</b>	<b>1,342</b>
<b>Deferred Tax Assets in relation to:</b>		
Lease Liabilities	5,469	-
Asset retirement obligation	598	724
Investment carried at Fair value through profit or loss/ OCI	-	40
Long term capital loss carried forward	254	250
Provision for doubtful debts and advance	309	218
Provision for employee benefits	101	103
Employee Stock option plans	86	120
Others	32	37
<b>Total deferred tax assets</b>	<b>6,849</b>	<b>1,492</b>
<b>Net deferred tax liabilities/(asset)</b>	<b>(1,324)</b>	<b>(150)</b>

Deferred tax assets and deferred tax liabilities have been offset wherever the Company has a legally enforceable right to set off current tax assets against current tax liabilities and where the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority.

The reconciliation of net deferred tax liability/ (asset) is follows:

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Opening balance	(150)	(542)
Tax expense during the year recognised in Statement of profit and loss and OCI	834	392
Tax expense on Transition to Ind AS 116 (recognised in retained earnings)	(2,008)	-
<b>Closing balance</b>	<b>(1,324)</b>	<b>(150)</b>

# Notes to Standalone Financial Statements

for the year ended March 31, 2020

(Amounts in millions of Indian Rupees; unless stated otherwise)

## 10. Other non-current assets

Particulars	As at March 31, 2020	As at March 31, 2019
<b>Capital advances</b>		
Unsecured, considered good	-	-
Unsecured, considered doubtful	-	19
Less: provision for capital advances	-	(19)
	-	-
<b>Others</b>		
Considered good	1,252	1,807
Considered doubtful	592	18
Less - provision	(592)	(18)
	<b>1,252</b>	<b>1,807</b>
Deferred lease - security deposit	-	30
Revenue Equalisation Reserve	1,295	-
	<b>2,547</b>	<b>1,837</b>

“Others” comprise of payments made under protest to the government authorities. For details, refer note 38(a).

## 11. Trade receivables

Particulars	As at March 31, 2020	As at March 31, 2019
Unsecured, considered good	7,715	5,454
Significant increase in credit risk	897	337
Credit Impaired	-	-
Less: Allowance for doubtful receivables	(897)	(337)
	<b>7,715</b>	<b>5,454</b>

Trade receivables includes receivables from related parties amounting to ₹ 4,056 Mn (March 31, 2019 - ₹ 3822 Mn), respectively. For details, refer note 41. Trade receivables are non-interest bearing and due after 15 /30 days from the date of invoice.

## 12. Cash and cash equivalents

Particulars	As at March 31, 2020	As at March 31, 2019
<b>Balance with banks</b>		
On current accounts	50	1
Deposits with original maturity of less than three months	1,400	1
	<b>1,450</b>	<b>2</b>

# Notes to Standalone Financial Statements

for the year ended March 31, 2020

(Amounts in millions of Indian Rupees; unless stated otherwise)

**For the purpose of statement of cash flows, cash and cash equivalents comprise of following :-**

Particulars	As at March 31, 2020	As at March 31, 2019
Cash and cash equivalents as per balance sheet	1,450	2
Bank Overdraft	(331)	(57)
	<b>1,119</b>	<b>(55)</b>

## Reconciliation of Cash Flow from financing activities for the year ended March 31, 2020

Particulars	Lease liabilities	Short Term Borrowing	Dividend including taxes	Interest	Total
<b>As at April 1, 2019 (A)</b>	<b>21,360</b>	-	-	-	<b>21,360</b>
Cash Activities					
- Payments	(3,350)	-	(30,994)	(1,300)	(35,644)
- Proceeds	-	23,853	-	-	23,853
<b>Total Cash Activities (B)</b>	<b>(3,350)</b>	<b>23,853</b>	<b>(30,994)</b>	<b>(1,300)</b>	<b>(11,791)</b>
Non Cash Activities					
- Accrued	1,421	-	30,994	1,357	33,772
- Additons (Net of terminations)	2,470	-	-	-	2,470
<b>Total Non Cash Activities (C)</b>	<b>3,891</b>	-	<b>30,994</b>	<b>1,357</b>	<b>36,242</b>
<b>Balance as at March 31, 2020 (A+B+C)</b>	<b>21,901</b>	<b>23,853</b>	-	<b>57</b>	<b>45,811</b>

## Reconciliation of Cash Flow from financing activities for the year ended March 31, 2019

Particulars	Lease liabilities	Short Term Borrowing	Dividend including taxes	Interest	Total
<b>As at April 1, 2018 (A)</b>	-	-	-	-	-
Cash Activities					
- Payments	-	(4,000)	(47,944)	(18)	(51,962)
- Proceeds	-	4,000	-	-	4,000
<b>Total Cash Activities (B)</b>	-	-	<b>(47,944)</b>	<b>(18)</b>	<b>(47,962)</b>
Non Cash Activities					
- Accrued	-	-	47,944	18	47,962
- Additons (Net of terminations)	-	-	-	-	-
<b>Total Non Cash Activities (C)</b>	-	-	<b>47,944</b>	<b>18</b>	<b>47,962</b>
<b>Balance as at March 31, 2019 (A+B+C)</b>	-	-	-	-	-



# Notes to Standalone Financial Statements

for the year ended March 31, 2020

(Amounts in millions of Indian Rupees; unless stated otherwise)

## 13. Other Bank Balances

Particulars	As at March 31, 2020	As at March 31, 2019
Fixed deposits with original maturity less than twelve months	18	14
	<b>18</b>	<b>14</b>

## 14. Other Current Assets

Particulars	As at March 31, 2020	As at March 31, 2019
Loans and advance to related parties (refer note 41)		
- Unsecured considered good	191	195
Advance to supplier	1,838	1,993
Other taxes recoverable	389	270
Prepaid expenses	173	193
Others	16	22
	<b>2,607</b>	<b>2,673</b>

“Advance to supplier” is net of provision of ₹ 63 Mn (March 31, 2019 - ₹ 73 Mn). “Other Taxes recoverable” is net of provision of ₹ 18 Mn (March 31, 2019 - ₹ 44 Mn)

## 15. Share capital

### a. Equity share capital:

Particulars	As at March 31, 2020	As at March 31, 2019
<b>Authorized Shares</b>		
3,500,000,000 equity shares of ₹ 10 each (3,500,000,000 equity shares as at March 31, 2019)	35,000	35,000
<b>Issued, subscribed and fully paid-up shares</b>		
1,849,608,246 equity shares of ₹ 10 each fully paid-up (March 31, 2019 - 1,849,608,246 equity shares)	18,496	18,496
	<b>18,496</b>	<b>18,496</b>

### b. Terms/ rights attached to equity shares:

The Company has only one class of equity shares having par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividend in Indian rupees.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive any of the remaining assets of the Company in proportion to the number of equity shares held by the shareholders, after distribution of all preferential amounts.

# Notes to Standalone Financial Statements

for the year ended March 31, 2020

(Amounts in millions of Indian Rupees; unless stated otherwise)

During FY 2018-19, the Board of Directors, in its meeting held on April 23, 2018, proposed a final dividend of ₹ 14 per equity share for FY 2017-18 and the same was approved by the shareholders at the Annual General Meeting held on July 24, 2018. Further, the Board of directors of the Company at its meeting held on October 24, 2018 had declared an interim dividend of ₹ 7.50 per equity share which was paid subsequently.

During FY 2019-20, the Board of Directors has declared an interim dividend of ₹ 7.50 per equity share for the financial year 2018-19 in its meeting held on April 24, 2019 and ₹ 3.65 and ₹ 2.75 per equity share for the financial year 2019-20 in its meetings held on August 12, 2019 and December 10, 2019 respectively which has been paid subsequently. Further, the Board of Directors in its meeting held today i.e. April 23, 2020 has declared 3<sup>rd</sup> interim dividend of ₹ 4.10 per equity share for financial year 2019-20.

## c. Shares held by Parent Company:

Particulars	As at March 31, 2020		As at March 31, 2019	
	No.	₹ Million	No.	₹ Million
<b>Equity shares of ₹ 10 each fully paid</b>				
Bharti Airtel Limited	620,898,728	6,209	620,898,728	6,209

## d. Details of shareholders holding more than 5% shares in the Company:

Particulars	As at March 31, 2020		As at March 31, 2019	
	No.	% Holding	No.	% Holding
<b>Equity shares of ₹ 10 each fully paid</b>				
Bharti Airtel Limited	620,898,728	33.57%	620,898,728	33.57%
Nettle Infrastructure Investments Limited	368,882,251	19.94%	368,882,251	19.94%
Silverview Portfolio Investments Pte. Ltd.	130,803,065	7.07%	130,803,065	7.07%
<b>Total</b>	<b>1,120,584,044</b>	<b>60.58%</b>	<b>1,120,584,044</b>	<b>60.58%</b>

## e. Aggregate number of bonus shares issued and shares issued for consideration other than cash during the period of five years immediately preceding the reporting date:

During the year ended March 31, 2013, the Company allotted 1,161,605,820 equity shares as fully paid bonus shares by capitalization of securities premium account.

During the year ended March 31, 2016, the Company allotted 2,897,776 equity shares (F.Y 2014-15, 2013-14 and 2012-13 - 4,468,180, 558,059 and 100,212 equity shares respectively) of ₹ 10 each to its employees on exercise of stock options under the Employee Stock Option Plan 2008 wherein part consideration was received in form of employee services. (refer note 36).

## f. Aggregate number and class of shares bought back during the period of five years immediately preceding the reporting date:

During the year ended March 31, 2017, the Company brought back 47,058,824 equity shares of ₹ 10 each by way of tender offer through stock exchange mechanism for cash at price of ₹ 425 per equity share.

## g. Shares reserved for issue under options:

For details of shares reserved for issue under the employee stock option plan (ESOP) of the Company, refer note 36.

# Notes to Standalone Financial Statements

for the year ended March 31, 2020

(Amounts in millions of Indian Rupees; unless stated otherwise)

## 16. Other Equity

Particulars	As at March 31, 2020	As at March 31, 2019
<b>Other equity</b>		
Securities Premium	48,837	48,837
Share Based Payment reserve	60	68
Capital redemption reserve	471	471
General Reserve	58,298	58,747
Retained earnings	12,659	29,926
Other comprehensive income	(12)	98
	<b>120,313</b>	<b>138,147</b>

### a) Securities Premium

Securities premium is used to record the premium on issue of shares. The reserve is utilised in accordance with the provisions of the Companies Act, 2013.

### b) Share Based Payment reserves

This relates to share options granted by the Company to its employees under its employee share options plan.

### c) General Reserve

General reserve was created out of Composite Scheme of arrangement with Bharti Airtel Limited.

### d) Capital redemption reserve

Capital redemption reserve was created on buy back of shares. A company may issue fully paid up bonus shares to its members out of Capital redemption reserve account.

## 17. Lease Liabilities

Particulars	Amount
<b>Balance as at April 1, 2019</b>	<b>21,360</b>
Additions during the year	5,710
Deletions during the year	(3,240)
Interest accrued during the year	1,421
Payment of lease liabilities	(3,350)
<b>Balance as at March 31, 2020</b>	<b>21,901</b>
Current	2,385
Non-Current	19,516

# Notes to Standalone Financial Statements

for the year ended March 31, 2020

(Amounts in millions of Indian Rupees; unless stated otherwise)

## 18. Other financial liabilities, non-current

Particulars	As at March 31, 2020	As at March 31, 2019
Security deposits	635	2,430
	<b>635</b>	<b>2,430</b>

The above security deposit is the fair value of total security deposit at transaction value for ₹ 1018 Mn as at March 31, 2020 (March 31, 2019 ₹ 3,557 Mn)

“Security deposits” includes transaction value of ₹ 504 Mn (March 31, 2019 - ₹ 2056 Mn) towards amounts received from related parties. For details, refer note 41.

## 19. Provisions

### a) Long Term Provisions

Particulars	As at March 31, 2020	As at March 31, 2019
Asset retirement obligation (ARO)*	2,805	2,538
Gratuity (refer note 35)	202	156
Long-term service award	16	29
	<b>3,023</b>	<b>2,723</b>

\*The Company uses various premises on lease to install plant and equipment. Provision is recognised for the costs to be incurred for the restoration of these premises at the end of the lease period. It is expected that this provision will be utilized at the end of the lease period of the respective sites as per the respective lease agreements. The movement of Provision in accordance with Ind AS 37 on ‘Provisions, Contingent liabilities and Contingent Assets’ is given below:

Particulars	As at March 31, 2020	As at March 31, 2019
Opening Balance	2,538	2,322
Provision during the year	53	17
Unwinding of discount	214	199
<b>Closing Balance</b>	<b>2,805</b>	<b>2,538</b>

### b) Short Term Provisions

Particulars	As at March 31, 2020	As at March 31, 2019
Gratuity (refer note 35)	52	49
Leave encashment	148	91
	<b>200</b>	<b>140</b>

# Notes to Standalone Financial Statements

for the year ended March 31, 2020

(Amounts in millions of Indian Rupees; unless stated otherwise)

## 20. Other non-current liabilities

Particulars	As at March 31, 2020	As at March 31, 2019
Deferred lease- security deposit	318	858
Unearned revenue	413	450
	<b>731</b>	<b>1,308</b>

## 21. Borrowings

Particulars	As at March 31, 2020	As at March 31, 2019
<b>Unsecured</b>		
Bank overdraft	331	57
Short term loans	23,853	-
	<b>24,184</b>	<b>57</b>

The Bank overdraft is repayable on demand and carries interest rate of 8.70% per annum.

The Short term loans have been taken from banks and financial institutions and carries interest rate of 7.40% to 8.80% per annum.

## 22. Trade payables

- Trade Payable include ₹ 115 Mn (March 31, 2019 - ₹ 84 Mn) payable to Parent company, fellow subsidiary and Group Company. Further ₹ 32 Mn (March 31, 2019 - ₹ 74 Mn) payable to related parties. For details, refer note 41.
- Details of dues to micro and small enterprises as defined under the MSMED Act, 2006

Particulars	As at March 31, 2020	As at March 31, 2019
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year		
Principal amount due to micro and small enterprises	189	26
Interest due on above	-	-
	<b>189</b>	<b>26</b>
The amount of interest paid by the buyer in terms of section 16 of the Micro Small and Medium Enterprise Development Act, 2006, along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year	-	-
The 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 period/year) but without adding the interest specified under Micro Small and Medium Enterprise Development Act, 2006	-	-
The amount of interest accrued and remaining unpaid at the end of each accounting year	3	35

# Notes to Standalone Financial Statements

for the year ended March 31, 2020

(Amounts in millions of Indian Rupees; unless stated otherwise)

- b) Details of dues to micro and small enterprises as defined under the MSMED Act, 2006 (Contd..)

Particulars	As at March 31, 2020	As at March 31, 2019
The 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 Micro Small and Medium Enterprise Development Act, 2006	-	-

Dues to micro and small enterprises have been determined to the extent such parties have been identified on the basis of information collected by management. This has been relied upon by the auditors.

## 23. Other financial liabilities

Particulars	As at March 31, 2020	As at March 31, 2019
Equipment supply payables	1,194	1,075
Payable to employees	241	234
Creditors for capital expenditure	813	704
Book Overdraft	3	158
	<b>2,251</b>	<b>2,171</b>

## 24. Other current liabilities

Particulars	As at March 31, 2020	As at March 31, 2019
Accrued expenses	4,084	3,087
Other taxes payable	444	1,024
Unearned revenue	236	138
Liability for cash settled option (refer note 36)	2	10
Others	84	134
	<b>4,850</b>	<b>4,393</b>

## 25. Revenue from Operations

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Sale of services		
Rent	42,289	39,844
Energy (Including recoveries for rates and taxes)	25,094	28,373
	<b>67,383</b>	<b>68,217</b>

# Notes to Standalone Financial Statements

for the year ended March 31, 2020

(Amounts in millions of Indian Rupees; unless stated otherwise)

## 26. Other Income

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Interest income (Others)	389	213
Dividend income from joint venture	-	11,261
Profit on sale of property, plant and equipment	384	530
Miscellaneous income	514	272
	<b>1,287</b>	<b>12,276</b>

## 27. Power and Fuel

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Network	23,638	25,572
Others	26	26
	<b>23,664</b>	<b>25,598</b>

## 28. Rent

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Network	-	3,269
Others	-	152
	<b>-</b>	<b>3,421</b>

\*As per Ind AS 116 operating lease rent has been changed to depreciation cost for the right of use assets and finance cost for interest accrued on lease liability. For details refer note 48.

## 29. Employee benefit expenses

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Salaries, wages and bonus	2,726	2,655
Contribution to provident fund	83	82
Equity settled/cash settled option expense	17	25
Staff welfare expenses	88	101
Others	21	52
	<b>2,935</b>	<b>2,915</b>

"Salaries, wages and bonus" includes gratuity and other post-employment benefits. For details, refer note 35.

Further, for details of employee stock/cash option expense, refer note 36.



# Notes to Standalone Financial Statements

for the year ended March 31, 2020

(Amounts in millions of Indian Rupees; unless stated otherwise)

## 30. Repairs and maintenance

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Repair and maintenance		
- Plant and machinery	1986	2834
- Building	-	4
- Others	517	448
	<b>2,503</b>	<b>3,286</b>

## 31. Other expenses

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Insurance	97	89
Travelling and conveyance	140	160
Communication expenses	32	89
Legal and professional	516	482
IT expenses	403	344
Provision for doubtful debts and advances (net)	683	(946)
Bad Debts Written off	-	887
Miscellaneous expenses		
- Network	135	91
- Others	105	121
	<b>2,111</b>	<b>1,317</b>

### Payment to auditor (net of GST)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Audit fee	6.0	5.2
Other services	2.1	0.9
Reimbursement of expenses	0.5	0.4
	<b>8.6</b>	<b>6.5</b>

# Notes to Standalone Financial Statements

for the year ended March 31, 2020

(Amounts in millions of Indian Rupees; unless stated otherwise)

## 32. Depreciation and amortization expense

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Depreciation	13,101	11,001
Amortization	75	42
	<b>13,176</b>	<b>11,043</b>
Less: adjusted with general reserve in accordance with the Scheme of arrangement with Bharti Airtel Limited (refer note 43)	(402)	(406)
	<b>12,774</b>	<b>10,637</b>

\*As per Ind AS 116 operating lease rent has been changed to depreciation cost for the right of use assets and finance cost for interest accrued on lease liability. For details refer note 48.

## 33. Finance costs and Income

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
<b>Finance costs</b>		
Interest cost	1,357	62
Bank charges	3	4
Unwinding of discount on asset retirement obligation	214	199
Unwinding of discount on security deposit received	338	264
Interest on Lease Liabilities	1,421	-
	<b>3,333</b>	<b>529</b>
<b>Finance Income</b>		
<b>Interest income on financial assets carried at amortized cost:</b>		
Interest on bank deposit	16	184
Interest on security deposit paid	60	39
<b>Interest income on financial assets carried at fair value through other comprehensive income:</b>		
Interest on tax free bonds	46	145
Interest on certificate of deposits	-	52
Interest on commercial paper	-	60
<b>Interest income on financial assets carried at fair value through profit or loss:</b>		
Interest on government securities	397	922
Interest on taxable bonds	11	75
Interest on non convertible debentures	-	11
Gain/(loss) on investments (including MTM gain/(loss))	2,840	2,918
	<b>3,370</b>	<b>4,406</b>

# Notes to Standalone Financial Statements

for the year ended March 31, 2020

(Amounts in millions of Indian Rupees; unless stated otherwise)

## 34. Earnings per Share (EPS)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Nominal value of equity shares (₹)	10	10
Profit attributable to equity shareholders for computing Basic and Dilutive EPS (A) (₹ Million)	17,466	27,790
Weighted average number of equity shares outstanding during the year for computing Basic EPS (B)	1,849,608,246	1,849,608,246
Dilutive effect on weighted average number of equity shares outstanding during the year	-	-
Weighted average number of equity shares and equity equivalent shares for computing Diluted EPS (C)	1,849,608,246	1,849,608,246
Basic earnings per share (A/B) (₹)	9.443	15.025
Diluted earnings per share (A/C) (₹)	9.443	15.025

## 35. Employee benefits

The Company has recognised the following amounts in the statement of profit and loss:

### Defined contribution plan

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Employer's contribution to provident fund	83	82
	<b>83</b>	<b>82</b>

### Defined benefit plan

Gratuity liability is defined benefit obligation and is provided for on the basis of an actuarial valuation on projected unit credit method made at the end of each reporting period. The plan is not funded by the Company. Such liability is included in salaries, wages and bonus, refer note 29.

### Gratuity

#### i. Amount charged to the statement of profit and loss:

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Service cost	35	31
Interest cost	16	15
	<b>51</b>	<b>46</b>

# Notes to Standalone Financial Statements

for the year ended March 31, 2020

(Amounts in millions of Indian Rupees; unless stated otherwise)

ii. **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 assumptions used to determine the benefit obligation are as follows:-**

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Discount rate	6.90%	7.65%
Expected rate of increase in compensation levels	9.00%	9.00%
Expected average remaining working lives of employees (years)	21.99	22.41

iii. **Reconciliation of opening and closing balances of defined benefit obligation:**

Particulars	As at March 31, 2020	As at March 31, 2019
Present value of benefit obligation at the beginning of year	204	194
Service cost	35	31
Interest cost	16	15
Benefits paid	(13)	(22)
Actuarial (gain)/ loss	16	(8)
Acquisition Adjustment	(4)	(6)
<b>Present Value of benefit obligation at the end of year</b>	<b>254</b>	<b>204</b>

iv. **Amount recognised in Other Comprehensive Income**

Particulars	As at March 31, 2020	As at March 31, 2019
Opening Net Cumulative unrecognized	(3)	(11)
Actuarial Gain / (Loss)	(16)	8
<b>Unrecognized Actuarial Gain/(Loss) at the end of year</b>	<b>(19)</b>	<b>(3)</b>

- v. The discount rate is based on the average yield on government bonds at the reporting date with a term that matches that of the liabilities.
- vi. The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.
- vii. Estimated amounts of expense to be recognized within next year is ₹ 52 Mn (March 31, 2019- ₹ 47 Mn).

# Notes to Standalone Financial Statements

for the year ended March 31, 2020

(Amounts in millions of Indian Rupees; unless stated otherwise)

## viii. The Maturity profile of defined benefit obligation is as follows

Particulars	Amount
April 2020 - March 2021	52
April 2021 - March 2022	7
April 2022 - March 2023	5
April 2023 - March 2024	5
April 2024 onwards	185

## ix. Sensitivity analysis

Particulars	Change in Assumption		Impact on Gratuity	
	Year ended March 31, 2020	Year ended March 31, 2019	Year ended March 31, 2020	Year ended March 31, 2019
Discount rate	+1%	+1%	(19)	(11)
	-1%	-1%	22	12
Salary Growth rate	+1%	+1%	21	12
	-1%	-1%	(18)	(11)

The above sensitivity analysis is based on a change in an assumption by a percentage while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. While calculating the sensitivity of the defined benefit obligation to significant actuarial assumption, same method i.e. Projected Unit Credit method has been applied as when calculating the gratuity liability recognized within the Balance sheet.

## 36. Employee stock/cash settled option plans

Pursuant to the board resolution dated July 22, 2008 and the resolution of the shareholders in extraordinary general meeting dated August 28, 2008, the Company instituted the Employee Stock Option Scheme 2008 (the 2008 Scheme). In FY 2013-14 and 2014-15, the Company had announced new performance unit plan (cash settled option plan) for its employees. In FY 2015-16, 2016-17, 2017-18, 2018-19 and 2019-20, the Company has announced Long term incentive plan (LTIP) 2015, Long term incentive plan (LTIP) 2016, Long term incentive plan (LTIP) 2017, Long term incentive plan (LTIP) 2018 and Long term incentive plan (LTIP) 2019 respectively for its employee.

The following table provides an overview of all existing stock/cash option plans of the Company.

Entity	Scheme	Plan	Stock options outstanding (in thousands)	Vesting period (years)	Contractual term (years)	Weighted average exercise price (₹)	Classification/ accounting treatment
<b>Equity settled Plans</b>							
Company	Infratel Plan	2008 Plan	47	1-5	7	110	Equity settled
	Infratel Plan	Long term incentive plan (LTIP)	-	1-3	7	10	Equity settled
	Infratel Plan	Long term incentive plan (LTIP) 2015 (Grant 2015)	12	1-3	7	10	Equity settled

# Notes to Standalone Financial Statements

for the year ended March 31, 2020

(Amounts in millions of Indian Rupees; unless stated otherwise)

The following table provides an overview of all existing stock/cash option plans of the Company. (Contd..)

Entity	Scheme	Plan	Stock options outstanding (in thousands)	Vesting period (years)	Contractual term (years)	Weighted average exercise price (₹)	Classification/ accounting treatment
	Infratel Plan	Long term incentive plan (LTIP) 2015 (Grant 2016)	20	1-3	7	10	Equity settled
	Infratel Plan	Long term incentive plan (LTIP) 2015 (Grant 2017)	44	1-3	7	10	Equity settled
	Infratel Plan	Long term incentive plan (LTIP) 2015 (Grant 2018)	122	1-3	7	10	Equity settled
	Infratel Plan	Long term incentive plan (LTIP) 2015 (Grant 2019)	135	1-3	7	10	Equity settled
	<b>Cash settled Plans</b>						
	Infratel Plan	Performance Unit Plan (2013 and 2014)	7	1-3	7	-	Cash settled

The following table provides details of vesting schedule (graded vesting) of all the existing stock/cash settled option plans of the Company:

Particulars	Vesting period from the grant date	Vesting schedule
<b>1. ESOP Scheme 2008 (including LTIP)</b>		
For options with a vesting period of 36 months:		
	On completion of 12 months	30%
	On completion of 24 months	30%
	On completion of 36 months	40%
For options with a vesting period of 48 months:		
	On completion of 12 months	15%
	On completion of 24 months	20%
	On completion of 36 months	30%
	On completion of 48 months	35%
For options with a vesting period of 60 months:		
	On completion of 12 months	20%
	On completion of 24 months	20%
	On completion of 36 months	20%
	On completion of 48 months	20%
	On completion of 60 months	20%

# Notes to Standalone Financial Statements

for the year ended March 31, 2020

(Amounts in millions of Indian Rupees; unless stated otherwise)

The following table provides details of vesting schedule (graded vesting) of all the existing stock/cash settled option plans of the Company: (Contd..)

Particulars	Vesting period from the grant date	Vesting schedule
<b>2. Performance Unit Plan (Cash settled plan)</b>		
For options with a vesting period of 36 months:		
	On completion of 12 months	30%
	On completion of 24 months	30%
	On completion of 36 months	40%
<b>3. Long term incentive plan (LTIP) 2015 (Grant 2015)</b>		
For options with a vesting period of 36 months:		
	On completion of 12 months	30%
	On completion of 24 months	30%
	On completion of 36 months	40%
<b>4. Long term incentive plan (LTIP) 2015 (Grant 2016)</b>		
For options with a vesting period of 36 months:		
	On completion of 12 months	30%
	On completion of 24 months	30%
	On completion of 36 months	40%
<b>5. Long term incentive plan (LTIP) 2015 (Grant 2017)</b>		
For options with a vesting period of 36 months:		
	On completion of 12 months	30%
	On completion of 24 months	30%
	On completion of 36 months	40%
<b>6. Long term incentive plan (LTIP) 2015 (Grant 2018)</b>		
For options with a vesting period of 36 months:		
	On completion of 12 months	30%
	On completion of 24 months	30%
	On completion of 36 months	40%
<b>7. Long term incentive plan (LTIP) 2015 (Grant 2019)</b>		
For options with a vesting period of 28 months:		
	On completion of 12 months	60%
	On completion of 28 months	40%



# Notes to Standalone Financial Statements

for the year ended March 31, 2020

(Amounts in millions of Indian Rupees; unless stated otherwise)

Information concerning the movement in stock options during the year and outstanding at the year end is as follows:

Particulars	As at March 31, 2020		As at March 31, 2019	
	Number of stock options (In '000)	Exercise price (₹)	Number of stock options (In '000)	Exercise price (₹)
<b>Company</b>				
<b>Plan 2008</b>				
Outstanding at beginning of the year	58	110	108	110
Granted	-	-	-	-
Forfeited	(2)	110	(1)	110
Exercised	(10)	110	(49)	110
Outstanding at the year end	46	110	58	110
Exercisable at end of the year	46	110	58	110
<b>LTI Plan (Part of 2008 plan)</b>				
Outstanding at beginning of the year	-	-	-	-
Granted	-	-	-	-
Forfeited	-	-	-	-
Exercised	-	-	-	-
Outstanding at the year end	-	-	-	-
Exercisable at end of the year	-	-	-	-
<b>Cash settled Plan (2013 and 2014)</b>				
Outstanding at beginning of the year	23	NA	23	NA
Granted	-	-	-	-
Forfeited	-	-	-	-
Exercised	(16)	NA	-	-
Outstanding at the year end	7	NA	23	NA
Exercisable at end of the year	7	NA	23	NA
<b>LTI Plan 2015 (Grant 2015)</b>				
Outstanding at beginning of the year	17	10	45	10
Granted	-	-	-	-
Forfeited	-	10	(4)	10
Exercised	(4)	10	(24)	10
Outstanding at the year end	12	10	17	10
Exercisable at end of the year	12	10	17	10

# Notes to Standalone Financial Statements

for the year ended March 31, 2020

(Amounts in millions of Indian Rupees; unless stated otherwise)

Information concerning the movement in stock options during the year and outstanding at the year end is as follows: (Contd..)

Particulars	As at March 31, 2020		As at March 31, 2019	
	Number of stock options (In '000)	Exercise price (₹)	Number of stock options (In '000)	Exercise price (₹)
<b>LTI Plan 2015 (Grant 2016)</b>				
Outstanding at beginning of the year	46	10	83	10
Granted	-	-	-	-
Forfeited	-	10	(13)	10
Exercised	(25)	10	(24)	10
Outstanding at the year end	20	10	46	10
Exercisable at end of the year	20	10	17	10
<b>LTI Plan 2015 (Grant 2017)</b>				
Outstanding at beginning of the year	74	10	110	10
Granted	-	-	-	-
Forfeited	(5)	10	(21)	10
Exercised	(24)	10	(15)	10
Outstanding at the year end	44	10	74	10
Exercisable at end of the year	15	10	14	10
<b>LTI Plan 2015 (Grant 2018)</b>				
Outstanding at beginning of the year	158	-	-	-
Granted	-	10	158	10
Forfeited	(13)	-	-	-
Exercised	(22)	-	-	-
Outstanding at the year end	122	10	158	10
Exercisable at end of the year	25	-	-	-
<b>LTI Plan 2015 (Grant 2019)</b>				
Outstanding at beginning of the year	-	-	-	-
Granted	135	10	-	-
Forfeited	-	-	-	-
Exercised	-	-	-	-
Outstanding at the year end	135	10	-	-
Exercisable at end of the year	-	-	-	-

# Notes to Standalone Financial Statements

for the year ended March 31, 2020

(Amounts in millions of Indian Rupees; unless stated otherwise)

The following table summarises information about weighted average remaining contractual life, weighted average fair value and weighted average share price for the options:

Plan	Weighted average remaining contractual life for the options outstanding as of (years)		Weighted average share price for the options granted during the year ended (₹)		Weighted average share price for the options exercised during the year ended (₹)	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
<b>Equity settled plans</b>						
Plan 2008	1.29	2.17	-	-	251.92	278.61
LTI Plan (Part of 2008 plan)	-	-	-	-	-	-
LTI plan 2015 (Grant 2015)	4.94	6.01	-	-	251.16	292.96
LTI plan 2015 (Grant 2016)	5.71	6.88	-	-	247.60	291.83
LTI plan 2015 (Grant 2017)	6.81	7.61	-	-	248.78	265.83
LTI plan 2015 (Grant 2018)	7.58	8.44	-	258.29	247.85	-
LTI plan 2015 (Grant 2019)	8.53	-	131.03	-	-	-
<b>Cash settled plans</b>						
PUP 2013 & 2014	4.33	4.59	-	-	266.08	-

The fair value of the options granted during the year was estimated using the Black Scholes, method of valuation with the following assumptions:

Particulars	LTIP Plan 2015 (Grant 2019)	LTIP Plan 2015 (Grant 2018)
	As at March 31, 2020	As at March 31, 2019
Risk free interest rates	4.2% to 6.56%	6.21% to 8.03%
Vesting period	28 months	36 months
Weighted average share price (₹)	131.03	220.20
Volatility	28.26%	29.06%
Dividend yield	7.06%	4.74%

Total employee stock/cash options expense recognised for the year ended March 31, 2020 and March 31, 2019 is ₹ 17 Mn and ₹ 25 Mn respectively.

## Notes:

- The Company has decided to issue equity shares on exercise of ESOPs through ESOP trust. The loan of ₹ 625 Mn has been given to ESOP trust during F.Y 2014-15 to purchase the Equity Shares of the Company from open market as permitted by SEBI (Share Based Employee Benefits) Regulations, 2014.
- During the FY 2014-15 Bharti Infratel Employee Welfare Trust (a trust set up for administration of Employee Stock Option Plan ('ESOP') of the Company) has acquired 1,652,000 equity shares of the Company from the open market at an average price of ₹ 377.72 per share and during the FY 2019-20 the trust has acquired 237,000 equity shares of the Company at an average price of ₹ 194.93 per share and sold 35,330 shares of the Company in the open market at an average price of 193.74 per shares. As of March 31, 2020, Bharti Infratel Employee Welfare Trust ('the Trust') holds 737,977 shares (of Face Value of ₹ 10 each) (March 31, 2019-636,660 equity shares) of the Company.

# Notes to Standalone Financial Statements

for the year ended March 31, 2020

(Amounts in millions of Indian Rupees; unless stated otherwise)

Particulars	As at	As at	As at	As at
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
	Number of Shares		₹ Million	
Opening Balance	636,660	762,110	240	289
Purchased during the year	237,000	-	46	-
Share sold during the year	(35,330)	-	(13)	-
Issued during the year	(100,353)	(125,450)	(38)	(49)
<b>Closing Balance</b>	<b>737,977</b>	<b>636,660</b>	<b>235</b>	<b>240</b>

## 37. Leases

The Company has given sites on operating lease to telecom operators. As per the agreements with the operators the escalation rates range from 0% to 2.5% per annum. The service charges recognised as income during the year for non-cancellable arrangements relating to provision for passive infrastructure sites as per the agreements is ₹ 42,289 Mn and ₹ 39,844 Mn for the year ended March 31, 2020 and March 31, 2019 respectively.

Particulars	As at	As at
	March 31, 2020	March 31, 2019
Future minimum lease payment receivable:		
Not Later than one year	35,341	35,234
Later than one year but not later than five years	103,749	112,762
Later than five years	34,236	34,568
	<b>173,326</b>	<b>182,564</b>

## 38. Contingencies & Capital Commitments

### a) Claims against the Company not acknowledged as debt

Particulars	As at	As at
	March 31, 2020	March 31, 2019
(i) Taxes, duties and other demands (under adjudication / appeal / dispute) <sup>®</sup>		
- Sales tax (refer to a below) <sup>#</sup>	2	2
- Stamp duty (refer to b below)	192	192
- Entry tax (refer to c below)	1,966	2,375
- Municipal taxes (refer to d below)	1,817	1,543
- Service tax (refer to e below)	16,631	16,457
(ii) Other claims under legal cases including arbitration matters (refer to f below)	139	469
(iii) Income tax matters (refer to g below) <sup>#</sup>	247	5
	<b>20,994</b>	<b>21,043</b>

<sup>®</sup>the amount includes demand amount and interest till the date of demand.

<sup>#</sup>Includes ₹ 2 Mn (Sales tax) (March 31, 2019 - ₹ 2 Mn) and ₹ 247 Mn (Income tax), (March 31, 2019 - ₹ 5 Mn) for which the possibility of tax demand materializing is remote, based on internal assessment of the Company.

# Notes to Standalone Financial Statements

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Unless otherwise stated below, the management based on legal advice believes that, the outcome of these contingencies will be favorable and loss is not probable.

## a) Sales tax

The claims for sales tax comprise of the case relating to levy of demand in vehicle seizure case & non submission of concessional forms.

## b) Stamp duty

The Company had received demand in certain states for stamp duty on execution of Leave and License Agreement of Cell Sites.

## c) Entry tax

Hon'ble Apex Court on November 11, 2016 while upholding the constitutional validity of entry tax levied by few States wherever its applicable, referred all the cases back to regular benches of the Court/s to decide all existing cases on merits while testing inter alia that whether the present levies in each such case/ State is discriminatory in nature or not.

Accordingly, all the said cases were listed before the regular bench of Supreme Court wherein after taking up all pending cases on State by State basis court have found that prima facie inter alia discrimination issues still exists and all the listed petitions have been remanded back with direction, to file fresh writ petitions before respective High Courts on the ground of discrimination as well as other directions as laid down in the aforesaid judgment of nine member bench of Hon'ble Supreme Court. The Company has filed fresh writ petition in the state of Orissa, Madhya Pradesh, Chhattisgarh, Rajasthan, Mizoram and Assam and amended the pending petitions in the states of Mizoram, Bihar and Jammu & Kashmir. The amendment has been allowed in the states of Jammu & Kashmir and Mizoram and pending in the state of Bihar. Pending disposition of each case by the High Courts, the company has decided to maintain 'Status Quo' on its position/assessment. During the year ended March 31, 2020, Company has opted Bihar Settlement Scheme to settle the pending Entry tax litigation amounting to ₹ 1041 Mn, Out of which a provision of ₹ 574 Mn has been recognised.

## d) Municipal taxes

The Company based on its assessment of the applicability and tenability of certain municipal levies, which is an industry wide phenomenon, does not consider the impact of such levies to be material.

Further, in the event these levies are confirmed by the respective government authorities, the Company would recover these amounts from its customers in accordance with the terms of Master Service Agreement.

## e) Service tax

The service tax department had issued certain orders for the disallowance of cenvat credit availed on Inputs, Capital Goods and Input Services for the period starting from August, 2007 to March, 2014 and follow up orders for the financial year 2014-15 and 2015-16. The Company has filed writ petition before Hon'ble High Court of Delhi which was allowed in favour of the Company vide order dated October 31, 2018 wherein it was held that towers are movable in nature and Cenvat credit can be availed on receipt of such goods. Further, Department has filed SLP against the favorable order of Delhi HC and tagged the SLP with pending matter on similar issue of telecom operators.

On the similar matter, there are contrary judgements by the Hon'ble High Court of Bombay in the case of few telecom operators against which, such operators have filed SLP before Hon'ble Supreme Court. These matters are pending before Supreme Court for final decision.

In separate proceeding before Directorate General of Central Excise Intelligence, the department had issued order for disallowance of Cenvat credit on items sold as scrap for the year 2014-15 to June 2017 against which the group has filed appeal before CESTAT.

# Notes to Standalone Financial Statements

for the year ended March 31, 2020

(Amounts in millions of Indian Rupees; unless stated otherwise)

f) Other claims mainly include site related legal disputes

g) Income tax matters

This pertains to tax demands for the AY 2011-12 and 2017-18 mainly on account of disallowance of expenditure u/s 14A related to exempt income.

## b) Capital Commitment

Particulars	As at March 31, 2020	As at March 31, 2019
Estimated amount of contracts to be executed on capital account and not provided for in the financial statements (net of capital advances)	1,630	1,256
	<b>1,630</b>	<b>1,256</b>

## 39. Fair Values

Set out below is the Category wise details as to the carrying amount and fair value of the Company's financial instruments that are recognised in the financial statements.

Particulars	Carrying Amount		Fair Value	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
<b>Financial Assets</b>				
<b>At fair value through profit or loss</b>				
Investment in mutual funds	51,443	32,830	51,443	32,830
Investment in government securities	2,940	12,218	2,940	12,218
Investment in taxable bonds	-	801	-	801
<b>At fair value through other comprehensive income</b>				
Investment in tax free bonds	-	2,124	-	2,124
<b>At amortised cost</b>				
Cash and cash equivalents	1,450	2	1,450	2
Other bank balances	18	14	18	14
Trade receivables	7,715	5,454	7,715	5,454
Other financial assets	6,115	6,862	6,115	6,862
	<b>69,681</b>	<b>60,305</b>	<b>69,681</b>	<b>60,305</b>
<b>Financial Liabilities</b>				
<b>At amortised cost</b>				
Borrowings	24,184	57	24,184	57
Lease liabilities	21,901	-	21,901	-
Trade payables	8,076	10,826	8,076	10,826
Other financial liabilities	2,886	4,601	2,886	4,601
	<b>57,047</b>	<b>15,484</b>	<b>57,047</b>	<b>15,484</b>

# Notes to Standalone Financial Statements

for the year ended March 31, 2020

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

- i. The carrying value of cash and cash equivalents, other bank balances, trade receivables, borrowings and trade payables approximate their fair value mainly due to the short-term maturities of these instruments.
- ii. The fair values of financial assets classified as Fair Value through Profit or Loss like investment in mutual funds, taxable bonds, non convertible debentures and government securities is based on quoted market price/ net assets value at the reporting date.
- iii. The fair value of other financial assets and other financial liabilities is estimated by discounting future cash flows using rates applicable to instruments with similar terms, currency, credit risk and remaining maturities. The fair values of other financial assets and other financial liabilities are assessed by the management to be same as their carrying value and is not expected to be significantly different if estimated by discounting future cash flows using rates currently available for debt on similar terms, credit risk and remaining maturities.
- iv. The fair value of financial asset classified as Fair Value through other comprehensive income like investment in commercial paper, certificate of deposits and tax free bonds etc are based on market value/net assets value at the reporting date.

There are no significant unobservable inputs used in the fair value measurement.

## 40. Fair value hierarchy

All financial instruments for which fair value is recognised or disclosed are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole;

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

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

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

The following table presents the financial instruments measured at fair value, by level within the fair value measurement hierarchy:

Particulars	As at March 31, 2020		As at March 31, 2019	
	Level 1	Level 2	Level 1	Level 2
<b>Financial Assets</b>				
<b>At fair value through profit or loss</b>				
- Investments in mutual funds	51,443	-	32,830	-
- Investments in government securities	2,940	-	12,218	-
- Investments in taxable bonds	-	-	-	801
<b>At fair value through other comprehensive income</b>				
- Investments in tax free bonds	-	-	-	2,124
<b>Total</b>	<b>54,383</b>	<b>-</b>	<b>45,048</b>	<b>2,925</b>

During the year ended March 31, 2020, there were no transfers between Level 1 and Level 2 fair value measurements as well as in to and out of Level 3 fair value measurements for the investments listed above.



# Notes to Standalone Financial Statements

for the year ended March 31, 2020

(Amounts in millions of Indian Rupees; unless stated otherwise)

## 41. Related party Disclosures

In accordance with the requirements of Ind AS - 24 "Related Party Disclosures", the names of the related parties where control exists and/ or with whom transactions have taken place during the year and description of relationships, as identified and certified by the management are as below:

### A. List of related parties

#### 1. Key management personnel (KMP)

Akhil Kumar Gupta, Chairman

D.S. Rawat, Managing Director and CEO

Pankaj Miglani, Chief Financial Officer (till August 9, 2018)

S Balasubramanian, Chief Financial Officer (w.e.f August 10, 2018 till December 5, 2019)

Samridhi Rodhe, Company Secretary (w.e.f. January 17, 2018)

#### 2. Related parties where control exists irrespective of whether transactions have occurred or not

Parent Company

Bharti Airtel Limited

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

Bharti Enterprises (Holding) Private Limited,

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

Subsidiary Company

Smartx Services Limited

#### 3. Other related parties with whom transactions have taken place during the year

Name of related party	Relationship
Bharti Hexacom Limited	Fellow Subsidiary
Bharti Telemedia Limited	Fellow Subsidiary
Nxtra Data Limited	Fellow Subsidiary
Nettle Infrastructure Investments Limited	Fellow Subsidiary
Bharti Airtel Services Limited	Fellow Subsidiary
Indus Towers Limited	Joint Venture
Bharti Enterprises Limited (Erstwhile Bharti Ventures Limited)	Group Company
Centum Learning Limited	Group Company
Bharti Foundation	Group Company
Bharti Infratel Employees Welfare Trust	Group Company
Bharti Realty Holdings Limited (now merged with Bharti Realty Limited)	Group Company
Bharti Realty Limited	Group Company
Bharti Land Limited	Group Company

'Group Company' though not 'Related Parties' as per the definition under Ind AS 24, 'Related party disclosures', have been included as a voluntary disclosure.

# Notes to Standalone Financial Statements

for the year ended March 31, 2020

(Amounts in millions of Indian Rupees; unless stated otherwise)

## B. Related Party Transactions during the year:

Related party transactions represent transactions entered into by the Company with parent Company, Subsidiary Company, entities having significant influence over the Company/Group Company, joint venture and fellow subsidiaries. The transactions with these related parties for year ended March 31, 2020 and March 31, 2019 and balances as at March 31, 2020 and March 31, 2019 are described below:

Relationship	Year ended March 31,		Year ended March 31,		Year ended March 31,		Year ended March 31,		Year ended March 31,	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Nature of transaction	Parent Company		Subsidiary Company		Group Company		Fellow subsidiaries		Joint venture	
Loan given	-	-	(27)	(170)	(46)	-	-	-	-	-
Loan repaid	-	-	129	-	50	64	-	-	-	-
Sale of property, plant & equipment	3	-	-	7	-	-	3	-	-	-
Purchase of property, plant & equipment	-	-	-	-	-	(111)	(25)	-	-	-
Revenue from operations*	42,216	40,153	15	8	-	-	3,425	3,249	-	-
Expenses (other than employee related) incurred on behalf of Company	-	-	-	-	(245)	(246)	(4)	-	-	-
Reimbursement of expenses	(14)	(33)	2	9	-	-	-	-	11	4
Employee related expenses incurred on behalf of Company	-	-	-	-	-	-	(4)	(4)	-	-
Procurement of services	(153)	(140)	-	-	(13)	(13)	(29)	(36)	-	-
Security deposit received	(21)	(24)	-	-	-	-	(1)	(1)	-	-
Security deposit refunded	1,455	-	-	-	-	-	119	-	-	-
Security deposit paid	-	-	-	-	(3)	-	-	-	-	-
Commission paid	-	-	-	-	-	-	-	-	(93)	(108)
Dividend received	-	-	-	-	-	-	-	-	-	11,261
Dividend paid/declared	(8,631)	(20,015)	-	-	(8)	(15)	(5,126)	(1,265)	-	-
Donation given	-	-	-	-	(409)	(361)	-	-	-	-
Retiral Benefit - Transfer of Employees	-	(7)	-	-	-	-	-	-	-	-
Investment in equity	-	-	90	-	-	-	-	-	-	-
	<b>34,855</b>	<b>19,934</b>	<b>209</b>	<b>(146)</b>	<b>(674)</b>	<b>(682)</b>	<b>(1,642)</b>	<b>1,943</b>	<b>(82)</b>	<b>11,157</b>

\*Inclusive of GST and includes interest income on exit EMI

Relationship	As at March 31,		As at March 31,		As at March 31,		As at March 31,		As at March 31,	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
	Parent Company		Subsidiary Company		Group Company		Fellow subsidiaries		Joint venture	
Trade payables	(115)	(75)	-	-	-	-	-	(9)	(32)	(74)
Other current assets	-	5	-	-	191	195	-	8	-	-
Other financial assets	2,820	2,767	212	299	6	3	224	217	-	-
Trade receivables	2,595	3,133	-	-	-	-	1,461	689	-	-
Other financial liabilities	(468)	(1,902)	-	-	-	-	(40)	(166)	-	-
	<b>4,832</b>	<b>3,928</b>	<b>212</b>	<b>299</b>	<b>197</b>	<b>198</b>	<b>1,645</b>	<b>739</b>	<b>(32)</b>	<b>(74)</b>

Figures in bracket indicate liability and figures without bracket indicates assets.

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**Particulars in respect of Loans and Advances in the nature of loans as required by Regulation 53(F) read with Para A of Schedule V of the Sebi (Listing Obligations And Disclosure Requirements) Regulations, 2015**

Particulars	Balance as at		Maximum outstanding during	
	March 31, 2020	March 31, 2019	2019-20	2018-19
<b>Loan given to related parties</b>				
Smartx Services Limited	189	291	298	291
Bharti Infratel Employees' Welfare Trust	191	195	197	259

Amount received from KMP for ESOP exercised is less than 1 Mn during the year ended March 31, 2020 (March 31, 2019 ₹ 1 Mn).

**Payments made to Key management personnel/ non executive directors:**

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Short-Term employee benefits (including salary and sitting fee)	129	130
Post-Employment benefits	26	16
Share based payment	7	5
	<b>162</b>	<b>151</b>

**Terms and conditions of transactions with related parties**

The transactions with related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the end of the year are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables.

- 42.** The Company is engaged in the business of establishing, operating and maintaining wireless communication towers. This is the only activity performed and there are no components of the Company that may be identified as a reportable segment. Further, as the Company does not operate in more than one geographical segment, the relevant disclosures as per Ind AS 108 – operating segments are not applicable to the Company on a standalone basis.
- 43.** As per transitional provisions specified in Ind AS 101, "First time Adoption of Indian Accounting Standards". The Company has continued to apply the accounting prescribed under the scheme with respect to mergers listed below.

**a) Scheme accounting – Bharti Airtel Scheme**

During the year ended March 31, 2008, pursuant to the Scheme of Arrangement with Bharti Airtel Limited ('BAL Scheme') under sections 391 to 394 of the Companies Act, 1956, the telecom infrastructure undertaking of Bharti Airtel Limited was transferred to the Company. Pursuant to the Scheme, the depreciation charged by the Company on the excess of the fair values over the original book values of the assets transferred by Bharti Airtel Limited is being off-set against General Reserve. Accordingly, depreciation charges on the excess of fair value over the original book values is charged to General Reserve.

**b) Scheme accounting – The Indus Scheme**

The Scheme of Arrangement ('Indus Scheme') under Section 391 to 394 of the Companies Act, 1956 for transfer of all assets and liabilities, as defined in Indus scheme, from Bharti Infratel Ventures Limited (BIVL), erstwhile wholly owned subsidiary Company, to

# Notes to Standalone Financial Statements

for the year ended March 31, 2020

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## b) Scheme accounting – The Indus Scheme (Contd..)

Indus Towers Limited (Indus), was approved by the Hon'ble High Court of Delhi vide order dated April 18, 2013 and filed with the Registrar of Companies on June 11, 2013 with appointed date April 1, 2009 i.e. effective date of Indus Scheme and accordingly, effective June 11, 2013, the erstwhile subsidiary Company has ceased to exist and has become part of Indus. The Company was carrying investment in BIVL at ₹ 59,921 Mn. Pursuant to Indus Scheme, the Company has additionally got 504 shares in Indus in lieu of transfer of its investment in BIVL to Indus and recorded these additional shares at their fair value of ₹ 60,419 Mn in accordance with the scheme. The resultant gain of ₹ 382 Mn (net of taxes ₹ 116 Mn) has been disclosed as adjustment to carry forward balance of Statement of Profit and Loss as at April 1, 2009.

44. During FY 2016-17, the Company (concessionaire) has entered into a concession agreement as a lead member with Bhopal Smart City Development Corporation Limited (BSCDL/ grantor) along with other consortium members for implementation and maintenance of "Bhopal Smart City project"(the project) vide agreement dated October 28, 2016. As per the terms of the agreement, the Company along with the consortium members has to work on Build, Own, Operate and Transfer (BOOT) model on Public Private Partnership (PPP) basis.

The concession period granted as per the agreement is 15 years (excluding implementation period of 1 year) further extendable by another 15 years based on mutually agreed terms and conditions.

The title of interest, ownership and rights with regard to project implemented by the Company along with fixtures/ fittings provided therein shall rest with the Company until the expiry/ termination of the agreement and the rights related to the land allotted by the BSCDCL shall vest with the BSCDCL, except that, these will be operated and maintained by the Company at its own cost and expenses as agreed in the concession agreement.

These project facilities and assets constructed shall be transferred to BSCDCL at zero cost on expiry/ termination of the agreement. On obtaining the Completion Certificate from the specified authority, the Company shall be exclusively entitled to demand and collect revenue from the project assets in any manner.

The Concessionaire shall pay a fixed quarterly revenue share, as specified by the terms of agreement, to BSCDCL over the concession period.

45. The Company was required to spend ₹ 477 Mn towards CSR expenditure as per the requirement of the Companies Act 2013. During the year ₹ 477 Mn were spent towards ongoing long term CSR projects basis approval from the board. The disbursement of committed funds was based on the individual project work plans and milestones achieved over the year. All projects are being monitored and evaluated on the progress made and impact created during the routine course of the business. The Company has also contributed as charity/donation for ₹ 1 Mn (FY 2018-19: ₹ 1 Mn) to various foundations.

Charity and donation includes ₹ 120 Mn (FY 2018-19 : ₹ 130 Mn) paid to Electoral Bond Scheme 2018.

## 46. Financial risk management objectives and policies

The Company's principal financial liabilities comprise trade payables, security deposits received, short term borrowings etc. The main purpose of these financial liabilities is to manage finances for the Company's operations. The Company's principal financial assets include Investment in Mutual Funds, Bonds and Government Securities, trade and other receivables, unbilled revenue, cash and cash equivalents, security deposits paid, etc. that derive directly from its operations.

The Company is exposed to market risk, credit risk and liquidity risk. The Company's senior management oversees the management of these risks. The senior professionals working to manage the financial risks and the appropriate financial risk governance frame

# Notes to Standalone Financial Statements

for the year ended March 31, 2020

(Amounts in millions of Indian Rupees; unless stated otherwise)

work for the Company are accountable to the Board Audit Committee. This process provides assurance to the Company's senior management that the Company's financial risk-taking activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with Company's policies and Company's risk appetite. The Company has not entered into any derivative transactions. All derivative activities if any, for risk management purposes are carried out by specialist teams that have the appropriate skills, experience and supervision. It is the Company's policy that no trading in derivatives for speculative purposes shall be undertaken. The Board of Directors reviews and agrees policies for managing each of these risks which are summarised below:

## (a) Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise three types of risk: interest rate risk, foreign currency risk and price risk. Financial instruments affected by market risk include interest bearing Investment in mutual funds, bonds, Government Securities and fixed deposits etc.

The sensitivity of the relevant profit or loss item is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held at March 31, 2020 and March 31, 2019.

The Company's exposure to financial risks is to a variety of financial risks, including the effect of changes in foreign currency exchange rates, if any. The Company uses derivative financial instruments such as foreign exchange contracts to manage its exposures and foreign exchange fluctuations, if any.

### (i) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Company has invested in Government securities and bonds which will fetch a fixed rate of interest, hence, the income and operating cash flows are substantially independent of changes in market interest rates. The Company's short term debt obligation with floating rates which are included in interest bearing loans and borrowings in the financial statements.

### (ii) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Indian Rupee is the Company's functional currency. As a consequence, the Company's results are presented in Indian Rupee and exposures are managed against Indian Rupee accordingly. The Company has very limited foreign currency exposure mainly due to incurrence of some expenses. The Company may use foreign exchange option contracts or forward contracts towards operational exposures resulting from changes in foreign currency exchange rates exposure. These foreign exchange contracts, carried at fair value, may have varying maturities depending upon the primary host contract requirement.

The Company manages its foreign currency risk if any, by hedging appropriate percentage of its foreign currency exposure, as per approved established risk management policy.

### (iii) Price risk

The Company invests its surplus funds in various Government securities, taxable and tax free quoted debt bonds, liquid & Money Market schemes of mutual funds (liquid investments) and higher duration short term debt funds.

These are susceptible to market price risk, mainly arising from changes in the interest rates or market yields which may impact the return and value of such investments. The Company manages the price risk through diversification from time to time.

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## (b) Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily for trade and other receivables) and from its financing activities, including deposits with banks and financial institutions, and other financial instruments.

### (i) Trade receivables

Customer credit risk is managed in accordance with Company's established policy, procedures and control relating to customer credit risk management. Trade receivables are non-interest bearing and are generally on 15/30 days credit term. Outstanding customer receivables are regularly monitored. The ageing analysis of trade receivables as of the reporting date is as follows:

Particulars	Within due date	Less Than 30 days	30 to 60 days	60 to 90 days	above 90 days	Total
Trade receivables as at March 31, 2020	525	2,617	658	491	4,321	<b>8,612</b>
Trade receivables as at March 31, 2019	578	2,580	851	572	1,210	<b>5,791</b>

### (ii) Financial instruments and cash deposits

Credit risk from balances with banks and financial institutions is managed by Company's treasury in accordance with the approved policy. Investment of surplus funds are made only with approved counterparties who meet the minimum threshold requirements under the counterparty risk assessment process. The Company monitors ratings, credit spreads and financial strength on at least quarterly basis. Based on its on-going assessment of counterparty risk, the Company adjusts its exposure to various counterparties. The Company's maximum exposure to credit risk for the components of the Balance Sheet at March 31, 2020 and March 31, 2019 is the carrying amounts as given in Note 39.

## (c) Liquidity risk

Liquidity risk is the risk that the Company may not be able to meet its present and future cash and collateral obligations without incurring unacceptable losses. The Company's objective is to, at all times maintain optimum levels of liquidity to meet its cash and collateral requirements. The Company principal sources of liquidity are cash and cash equivalents and the cash flow generated from operations. The Company closely monitors its liquidity position and deploys a robust cash management system.

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

Particulars	As at March 31, 2020						Total
	Carrying Amount	Contractual Cash flow	Less than 6 Months	6 to 12 months	1 to 2 years	>2 years	
Short term Loans	23,853	23,853	23,853	-	-	-	23,853
Bank Overdraft	331	331	331	-	-	-	331
Lease Liabilities	21,901	32,244	1,728	1,697	3,214	25,604	32,244
Trade payables	8,076	8,076	8,076	-	-	-	8,076
Other financial liabilities	2,886	3,269	2,285	36	23	925	3,269
<b>Total</b>	<b>57,047</b>	<b>67,773</b>	<b>36,273</b>	<b>1,734</b>	<b>3,238</b>	<b>26,529</b>	<b>67,773</b>

# Notes to Standalone Financial Statements

for the year ended March 31, 2020

(Amounts in millions of Indian Rupees; unless stated otherwise)

Particulars	As at March 31, 2019						Total
	Carrying Amount	Contractual Cash flow	Less than 6 Months	6 to 12 months	1 to 2 years	>2 years	
Bank Overdraft	57	57	57	-	-	-	57
Trade payables	10,826	10,826	10,826	-	-	-	10,826
Other financial liabilities	4,601	5,728	2,636	26	220	2,846	5,728
<b>Total</b>	<b>15,484</b>	<b>16,611</b>	<b>13,519</b>	<b>26</b>	<b>220</b>	<b>2,846</b>	<b>16,611</b>

## Capital management

For the purpose of Company's Capital management, Capital includes issued equity capital, share premium and all other equity reserves attributable to the equity shareholders. The primary objective of the Company's capital management is to maximise the shareholder value.

The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Company has availed Short Term Loans for ₹ 23,853 Mn. Further, the Company has availed Bank overdraft facility for ₹ 331 Mn (March 31, 2019 - 57 Mn) which is integral part of cash management. The Cash and Cash equivalent is ₹ 1,450 Mn (March 31, 2019 - ₹ 2 Mn).

**47.** The amounts due and outstanding to be credited to the Investor Education and Protection Fund as at March 31, 2020 is Nil.

## 48. Transition to Ind AS 116

Effective April 1, 2019, the Company adopted Ind AS 116 "Leases" and applied the standard to all Lease contracts existing on April 1, 2019 using the modified retrospective method and has taken the cumulative adjustment to retained earnings, on the date of initial application. Consequently, the Company recorded the lease liability at the present value of the lease payments discounted at the incremental borrowing rate and the right of use asset at its carrying amount as if the standard had been applied since the commencement date of the lease, but discounted at the Company's incremental borrowing rate at the date of initial application. Comparatives as at and for the year ended March 31, 2019 have not been retrospectively adjusted and therefore will continue to be reported under the accounting policies included in the audited financial statements for the year ended March 31, 2019.

### Company as a lessee:

For transition, the Company has elected not to apply the requirements of Ind AS 116 to leases for which the underlying asset is of low value on a lease-by-lease basis. The Company has also used the practical expedient provided by the standard when applying Ind AS 116 to leases previously classified as operating leases under Ind AS 17 and therefore, has not reassessed whether a contract, is or contains a lease, at the date of initial application, relied on its assessment of whether leases are onerous, applying Ind AS 37 immediately before the date of initial application as an alternative to performing an impairment review, excluded initial direct costs from measuring the right of use asset at the date of initial application and used hindsight when determining the lease term if the contract contains options to extend or terminate the lease. The Company has used a single discount rate to a portfolio of leases with similar characteristics. The company has applied its incremental borrowing rate for lease liabilities recognised in the balance sheet at the date of initial application.



# Notes to Standalone Financial Statements

for the year ended March 31, 2020

(Amounts in millions of Indian Rupees; unless stated otherwise)

On transition, the Company recognised a lease liability measured at the present value of the remaining lease payments as at April 1, 2019. The right-of-use asset is recognised at its carrying amount as if the standard had been applied since the commencement of the lease, but discounted using the lessee's incremental borrowing rate as at April 1, 2019. Accordingly, a right-of-use asset of ₹ 15,699 Mn and a corresponding lease liability of ₹ 21,360 Mn has been recognized. The cumulative effect on transition in retained earnings net of taxes is ₹ 3,683 Mn (including a deferred tax of ₹ 1,978 Mn). On application of Ind AS 116, the nature of expenses has changed from lease rent in previous periods to depreciation cost for the right-of-use asset, and finance cost for interest accrued on lease liability.

Further, the company has reversed the rental costs which was capitalized upto RFI period as a cost of an item of property, plant and equipment due to the fact such rent being capitalized as a right of use assets in accordance with Ind AS 116.

Accordingly, the carrying value of property, plant and equipment is decreased by ₹ 86 Mn with corresponding decrease in retained earnings net of taxes by ₹ 56 Mn (including deferred tax impact of ₹ 30 Mn).

The discounting impact on security deposit paid for ₹ 30 Mn has been reclassified to Right of use asset on the date of transition.

## Company as a lessor:

The Company is not required to make any adjustments on transition to Ind AS 116 for leases in which it acts as lessor. The company has created revenue equalization reserve prospectively due to straight lining of lease rental revenue.

The impact of Ind AS 116 as at April 1, 2019 on the balance sheet line items is as follows:

Particulars	As at April 1, 2019 (Before Ind AS 116)	Ind AS 116 Adjustments	As at April 1, 2019
<b>Assets</b>			
<b>Non-current assets</b>			
Property plant & equipment	53,203	(86)	53,117
Right of use assets	-	15,729	15,729
Other non-current assets	-	(30)	(30)
Deferred tax assets (net)	150	2,008	2,158
<b>Total Assets</b>	<b>53,353</b>	<b>17,621</b>	<b>70,974</b>
<b>Equity and Liabilities</b>			
Other Equity	138,147	(3,739)	134,408
<b>Non-Current</b>			
Financial liabilities			
Lease liabilities	-	19,563	19,563
<b>Current</b>			
Financial liabilities			
Lease liabilities	-	1,797	1,797
<b>Total Equity and Liabilities</b>	<b>138,147</b>	<b>17,621</b>	<b>155,768</b>

# Notes to Standalone Financial Statements

for the year ended March 31, 2020

(Amounts in millions of Indian Rupees; unless stated otherwise)

- 49.** Revenue from operations includes exit charges amounting to ₹ 2,220 Mn recognised during the year ended March 31, 2020.
- 50.** During the quarter ended June 30, 2019, the Company has reassessed the estimate for provisions related to operating expenses and consequently amount aggregating to ₹ 1,246 Mn have been credited to the respective line items of expenses in the Statement of Profit and Loss. Also, an amount of ₹ 154 Mn, representing provision in respect of rent expenses, has been considered as other Income.
- 51.** The Ministry of home affairs vide order No.40-3/2020 dated 24.03.2020 notified telecommunication services among the essential services which continued to operate during lock down in the crisis situation of COVID-19, which has been declared as pandemic by World Health Organisation. The passive infrastructure as well as active telecom operations of the Company's customers are covered under essential services which are actively engaged in fulfilling the surge in demand arising out of the choice exercised by almost all industries to conduct their operations remotely. Hence, the telecom industry is among the businesses that are least impacted due to COVID-19. The Company believes that thus far, there is no significant impact of COVID-19 pandemic on the financial position and performance of the Company. Further, the company is not expecting any change in estimates as of now as the company is running its business and operations as usual without any major disruptions.
- 52.** One of the Company's significant customer in its financial statement for the three and nine months ended December 31, 2019 had expressed material uncertainty on their ability to continue as a going concern to be dependent on positive outcome of the application for modification of the Supplementary Order before the Hon'ble Supreme Court and subsequent agreement with DoT for the payment in installments after some moratorium and other reliefs. During the quarter ended March 31, 2020, the said customer has paid to the DoT a part of the amount as determined by its self-assessment of its dues.

The Company's parent ('Bharti Airtel Limited') has successfully raised US\$ 3.25 billion of additional long term financing through a combination of qualified institutional placement of equity shares, foreign currency convertible bonds and subordinated perpetual securities to finance its liabilities arising out of the SC AGR judgement. Further, it has paid to the DoT an amount on the basis of self-assessment of the due amount including ad-hoc advance payment (subject to subsequent refund/ adjustment) to cover differences resulting from re-verification/reconciliation, if any.

The Hon'ble Supreme Court, vide its order dated March 18, 2020, directed that no exercise of self-assessment/ reassessment to be done and dues which were placed before Hon'ble Supreme Court have to be paid, including interest and penalty as affirmed vide its judgment dated October 24, 2019. As part of the same hearing, the Hon'ble Court also directed that the application filed by DoT with respect to giving reasonable time and to cease interest after a particular date would be considered on the next date of hearing, which is yet to be listed.

The loss of a significant customer or the failure to attract new business could have an adverse effect on the business and results of operations of the Company. However, considering the above sensitivity the Company has concluded that there is no impairment with respect to its property, plant and equipment and its investment in the Joint Venture Company.

# Glossary

Company Related Terms	
4 Overlapping circles	Represent the telecommunication circles of Haryana, Rajasthan, Uttar Pradesh (East) and Uttar Pradesh (West) wherein Bharti Infratel and Indus Towers have overlapping operations. Bharti Infratel is not permitted to roll out any new towers in these telecommunications Circles, although it continues to own and operate its existing telecommunications towers in these Circles, and add additional sharing operators to these towers. New tower rollout in these telecommunication circles is done by Indus.
7 Circles	Represents the telecommunications circles of Bihar, Madhya Pradesh and Chhattisgarh, Odisha, Jammu and Kashmir, Himachal Pradesh, Assam and North East states wherein Bharti Infratel operates on exclusive basis.
11 Circles	Represents the 7 telecommunications circles of Bihar, Madhya Pradesh and Chhattisgarh, Odisha, Jammu and Kashmir, Himachal Pradesh, Assam and North East states wherein Bharti Infratel operates on exclusive basis and the 4 common circles of Haryana, Rajasthan, Uttar Pradesh (East) and Uttar Pradesh (West) wherein Bharti Infratel and Indus Towers have overlapping operations.
15 Circles	Represents the 11 telecommunication circles of Andhra Pradesh, Delhi, Gujarat, Karnataka, Kerala, Kolkata, Maharashtra & Goa, Mumbai, Punjab, Tamil Nadu (including Chennai) and West Bengal wherein Indus operates on exclusive basis and the 4 common telecommunication circles of Haryana, Rajasthan, Uttar Pradesh (East) and Uttar Pradesh (West) wherein Bharti Infratel and Indus Towers have overlapping operations.
A Sustained EBITDA	EBITDA excluding Energy Margin
Adjusted EBITDA	It is defined as EBITDA as mentioned above, adjusted for Repayment of Lease liabilities.
Adjusted Fund from Operations (AFFO)	It is not an IND AS measure and is defined as EBITDA adjusted for Maintenance and General Corporate Capex and Non Cash IND AS measures, i.e., operating lease revenue/expense on security deposit received/paid till March 31, 2019. From the year ended March 31, 2020 onwards it is defined as Adjusted EBITDA less Maintenance and General Corporate Capex for the period.
Average Co-locations	Average co-locations are derived by computing the average of the Opening and Closing co-locations at the end of relevant period.
Average Sharing Factor	Average Sharing factor is calculated as the average of the opening and closing number of co-locations divided by average of the opening and closing number of towers for the relevant period.
Average Towers	Average towers are derived by computing the average of the opening and closing towers at the end of relevant period.
BISL	Bharti Infratel Services Limited
BIVL	Bharti Infratel Ventures Limited
Bn	Billion
Capex	It includes investment in gross fixed assets and capital work in progress for the relevant period.
Capital Employed	Capital Employed is defined as sum of equity attributable to equity shareholders and Net Debt/ (Net Cash).
Cash Profit from operations	It is not an Ind AS measure and is defined as operating income adjusted for depreciation and amortisation, revenue equalisation, lease rent equalisations and finance costs.
Circle(s)	22 service areas that the Indian telecommunications market has been segregated into
Closing sharing factor	Closing sharing factor is calculated as the closing number of co-locations divided by closing number of towers as at the end of relevant period.

<b>Company Related Terms</b>	
Co-locations	Co-location is the total number of sharing operators at a tower, and where there is a single operator at a tower; 'co-location' refers to that single operator. Co-locations as referred to are revenue-generating co-locations.
Consolidated Financial Statements	The Consolidated financial statements comprise the financial statements of 'Bharti Infratel Ltd' Standalone taken together with its wholly owned subsidiary 'Smartx Services Ltd' and its controlled trust 'Bharti Infratel Employee Welfare Trust' consolidated as per line by line method of consolidation and its Joint venture 'Indus Towers Ltd' (42% equity interest) accounted for under equity method of consolidation.
Cumulative Investments	Cumulative investment comprises of gross property , plant and equipment (including capital Work in Progress) and Intangibles
Current Ratio	Current ratio is computed by dividing the total current assets by total current liabilities as on date.
Debt Equity Ratio	Debt Equity ratio is computed by dividing the sum of Long term and Short term debt by Equity shareholders' funds.
Debtors Turnover	It is computed by dividing Sum of Revenue from operations by average (of opening and closing) Trade Receivables during the relevant period
Earnings per Share (EPS) (Basic)	It is computed by dividing net profit or loss attributable for the period to equity shareholders by the weighted average number of equity shares outstanding during the period.
Earnings per Share (EPS)- (Diluted)	Diluted earnings per share is calculated by adjusting net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period for the effects of all dilutive potential equity shares.
EBIT	Earnings before interest, taxation excluding other income for the relevant period.
EBIT (Including Other Income)	Earnings before interest, taxation including other income for the relevant period.
EBITDA	Earnings before interest, taxation, depreciation and amortisation and charity and donations excluding other income for the relevant period. It is defined as operating income and does not include depreciation and amortisation expense, finance cost and tax expense.
EBITDA (Including Other Income)	Earnings before interest, taxation, depreciation and amortisation and charity and donations including other income for the relevant period.
Enterprise Value (EV)	Calculated as sum of Market Capitalisation plus Net Debt/ (Net Cash) as at the end of the relevant period.
EV / EBITDA (times)	Till for the period ended March 31, 2019, it is computed by dividing Enterprise Value as at the end of the relevant period (EV) by EBITDA for the preceding (last) 12 months from the end of the relevant period.
Finance Cost (Net)	Calculated as Finance Cost less Finance Income
Future Minimum Lease Payment Receivable	The Company has entered into long term non-cancellable agreements to provide infrastructure services to telecom operators. Future Minimum Lease Payment Receivable represents minimum amounts receivable in future under the above long term non-cancellable agreements.
GAAP	Generally Accepted Accounting Principle
Green Site	Sites wherein there is minimal diesel consumption to ensure DG's performance (approx 1 litre or 30 min running per day tracked quarterly)
IGAAP	Indian Generally Accepted Accounting Principle

Company Related Terms	
Ind AS	Indian Accounting Standards
Indus Consolidation	Indus Consolidation represents consolidation of Bharti Infratel's 42% proportionate shareholding in Indus Towers Ltd and 100% of BIVL till FY end 31 <sup>st</sup> March 2013 net of IRU eliminations. W.e.f quarter ending June'13 and onwards Indus Consolidation represents consolidation of Bharti Infratel's 42% proportionate shareholding in Indus Towers Ltd under Indian GAAP. Post transition to Ind-AS, Indus consolidation represents consolidation of Bharti Infratel's 42% equity interest in Indus Towers Ltd accounted as per Equity Method.
Indus Merger	<p>During the quarter ended June 30, 2013, the Scheme of Arrangement (Scheme) under Section 391 to 394 of the Companies Act, 1956 for transfer of all assets and liabilities as defined in the Scheme from Bharti Infratel Ventures Limited (BIVL), wholly owned subsidiary of the Company, Vodafone Infrastructure Limited (formerly known as Vodafone Essar Infrastructure Limited), and Idea Cellular Tower Infrastructure Limited (collectively referred to as 'The Transferor companies') to Indus Towers Limited (Indus) was sanctioned by the Hon'ble High Court of Delhi vide its order dated on April 18, 2013 subject to the final order in another appeal pending before the Division Bench of Delhi High Court and any other orders in any further proceedings thereafter.</p> <p>The Scheme had become operative from June 11, 2013 upon filing of certified copy of the order with the Registrar of Companies with an appointed date of April 1, 2009 i.e. effective date of scheme and accordingly effective June 11, 2013 the transferor companies have ceased to exist and have become part of Indus Towers Ltd. Pursuant to the Indus Merger the IRU agreements between the Transferor Companies and Transferee Company Ceases to exist.</p>
Intangibles	Comprises of acquisition cost of software.
∞	Not ascertainable (infinite)
Interest Coverage Ratio	Till for the period ended March 31, 2019, it is computed by dividing EBITDA for the preceding (last) 12 months from the end of relevant period by finance cost for the relevant period. From the year ended March 31, 2020 onwards it is computed by dividing EBITDA for the preceding (last) 12 months from the end of relevant period by finance cost (net) for the relevant period.
IRU	Indefeasible right to use
Lease Liabilities	"Lease Liabilities" represents the present value of the future lease payments over the lease terms of lease agreements with the landlords.
Lease Rent Equalisation	It represents the effect of fixed escalations (as per the terms of lease agreements with landlords) recognised on straight line basis over the fixed, non-cancellable term of the agreement, as applicable
Maintenance & General Corporate Capex	Represents the capital expenditure undertaken by the company for general maintenance, upkeep and replacement of equipments installed at the towers which is undertaken on the end of their useful life as well as General Corporate related capital expenditure such as on office/ facilities and information technology.
Market Capitalisation	Number of issued and outstanding shares as at end of the period multiplied by closing market price (NSE) as at end of the period.
Mn	Million
MSA	Master Service Agreement
NA	Not ascertainable
Net Debt / (Net Cash) with Lease Liabilities	It is not an IND AS measure and is defined as the sum of long-term borrowings, short-term borrowings, lease liabilities minus cash and cash equivalents, current and non-current investments, and other bank balances adjusted for unpaid dividend declared including dividend distribution tax adjusted in equity as at the end of the relevant period.

Company Related Terms	
Net Debt / (Net Cash) without Lease Liabilities	It is not an IND AS measure and is defined as the sum of long-term borrowings, short-term borrowings, minus cash and cash equivalents, current and non-current investments, and other bank balances adjusted for unpaid dividend declared including dividend distribution tax adjusted in equity as at the end of the relevant period.
Net Debt / (Net Cash) with Lease Liabilities to EBITDA	Till for the period ended March 31, 2019, it is computed by dividing net debt / (net cash) as at the end of the relevant period by EBITDA for preceding (last) 12 months from the end of the relevant period. From the year ended March 31, 2020, onwards it is computed by dividing net debt / (net cash) with lease liabilities as at the end of the relevant period by EBITDA for preceding (last) 12 months from the end of the relevant period.
Net Profit Margin (%)	Net Profit Margin ratio is computed by dividing Profit after tax for the year ended by Revenue from Operations for the year ended.
Operating Free Cash flow	It is not an IND AS measure and is defined as EBITDA adjusted for Capex and Non Cash IND AS measures, i.e., operating lease revenue/expense on security deposit received/paid till March 31, 2019. From the year ended March 31, 2020 onwards it is defined as Adjusted EBITDA less Capex for the period.
Operating Profit Margin (%)	Operating Profit Margin ratio is computed by dividing Profit before depreciation and amortisation, finance cost, finance income, charity and donation, exceptional items and tax for the year ended by Revenue from Operations for the year ended .
Operational Efficiencies	Total opex for the period excluding Energy cost for the period
PE Ratio	Price to Earnings ratio is calculated as closing market price (NSE) as at the end of relevant period, divided by diluted annual earnings per share. Annual Diluted Earnings per share is calculated by adding the preceding last four quarters diluted Earnings per share
Return On Capital Employed (ROCE) Pre Tax	Till for the period ended March 31, 2019, for the full year computations, ROCE is computed by dividing the sum of EBIT for the period by average (of opening and closing) capital employed. For the year ended March 31, 2020 onwards ROCE is computed by dividing the sum of EBIT for the period by average of opening capital employed as on April 1, 2019 including opening Ind AS 116 adjustments and closing that of relevant period ended.
Return on Shareholder's Equity Pre Tax (Consolidated)	Till for the period ended March 31, 2019, for the full year computations, ROE (Pre Tax) is computed by dividing the sum of Profit before tax for the period by average (of opening and closing) equity shareholders' funds. For the year ended March 31, 2020 onwards ROE (Pre Tax) is computed by dividing the sum of Profit before tax for the period by average of opening equity shareholders' funds as on April 1, 2019 including opening Ind AS 116 adjustments and closing that of relevant period ended.
Return on Shareholder's Equity Post tax (Consolidated)	Till for the period ended March 31, 2019, for the full year computations, ROE (Post Tax) is computed by dividing the sum of Profit after tax for the period by average (of opening and closing) equity shareholders' funds. For the year ended March 31, 2020 onwards ROE (Post Tax) is computed by dividing the sum of Profit after tax for the period by average of opening equity shareholders' funds as on April 1, 2019 including opening Ind AS 116 adjustments and closing that of relevant period ended.
Return on Shareholder's Equity Pre Tax (Standalone)	ROE is computed by dividing the sum of profit before tax but before dividend income from JV and subsidiary for the period by average (of opening and closing) Equity shareholders' funds adjusted for investment in JV and Subsidiary.
Return on Shareholder's Equity Post tax (Standalone)	ROE is computed by dividing the sum of profit after tax but before dividend income from JV and subsidiary for the period by average (of opening and closing) Equity shareholders' funds adjusted for investment in JV and subsidiary.

<b>Company Related Terms</b>	
Revenue Equalisation	It represents the effect of fixed escalations (as per the terms of service agreements with customers) recognised on straight line basis over the fixed, non-cancellable term of the agreement, as applicable.
Revenue per Employee per month	It is computed by dividing the Total Revenues (net of inter-segment eliminations) by the average number of on – roll employees in the business unit and number of months in the relevant period
Right of use Asset	An asset that represents a lessee's right to use an underlying asset for the lease term. This is calculated on the inception of the lease term basis the present value of lease payments over the lease term.
ROC	Registrar of Companies
SHA	Shareholders Agreement
Sharing Operator	A party granted access to a tower and who has installed active infrastructure at the tower
Sharing Revenue	It represents service revenue accrued during the relevant period and includes revenue equalisation net of service level credits.
Sharing revenue per Sharing Operator per month	Is calculated on the basis of sharing revenues accrued during the relevant period divided by the average number of co-locations for the period, determined on the basis of opening and closing number of co-locations for the relevant period.
Sharing revenue per Tower per month	Is calculated on the basis of sharing revenues accrued during the relevant period divided by the average number of towers for the period, determined on the basis of opening and closing number of towers for the relevant period
SLA	Service Level Agreements
Towers	Infrastructure located at a site which is permitted by applicable law to be shared, including, but not limited to, the tower, shelter, diesel generator sets and other alternate energy sources, battery banks, air conditioners and electrical works. Towers as referred to are revenue generating towers
Tower and related infrastructure	Infrastructure Located at site which is permitted by applicable law to be shared, including, but not limited to, the tower, shelter, diesel generator sets and other alternate energy sources, battery banks, air conditioners and electrical works.



## Company Related Terms

### Regulatory Terms

BSE	The Bombay Stock Exchange Ltd
CCI	Competition Commission of India
CSR	Corporate Social Responsibility
DoT	Department of Telecommunications
IP1	Infrastructure Provider Category 1
IPO	Initial Public Offering
ISP license	Internet Service Provider license by DoT
NLD license	National Long Distance license by DoT
NSE	National Stock Exchange
SEBI	Securities and Exchange Board of India
TEC	Telecom Engineering Center
TRAI	Telecom Regulatory Authority of India

### Industry Specific & Other Terms

AGM	Annual General Meeting
AP	Access Point
BTS	Base Transceiver Station
CHR	Circle Human Resource
CII	Confederation of Indian Industry
CoC	Code of Conduct
Company, We, Our	Bharti Infratel Limited
CST	Central Sales Tax
DAS	Distributed Antenna System
DG	Diesel Generator
EMF	Electro Magnetic Field
ESOP	Employee Stock Option Scheme
FCU	Free Cooling Unit
FDI	Foreign Direct Investment
GBT	Ground Based Tower
GUI	Graphical user interface
HEX	Heat Exchanger
IoT	Internet of Things
IP-1	Infrastructure Provider Category I (IP-I)

## Company Related Terms

IPMS	Integrated Power Management System
Li-Ion	Lithium Ion Battery
LTE	Long Term Evolution ( a 4G mobile communications standard)
MIMO	Multiple Input , Multiple Output
NABARD	National Bank for Agriculture and Rural Development
NABFINS	NABARD Financial Services Limited
NCLT	National Company Law Tribunal
NCU	Natural Cooling Unit
NGO	Non Government Organisation
O.D BTS	Out Door BTS
OFC Network	Optical Fiber Communication
PAN	Presence across Nation
PPC	Plug and Play Cabinet
PWD	Persons with Disabilities
RCA	Root Cause Analysis
RESCO	Renewable Energy Service Company
RET	Renewable Energy Technology
RoW	Right of Way
RTT	Roof Top Tower
SoS	Emergency Help
TAIPA	Tower and Infrastructure Providers Association
TAT	Turn Around Time
TERI	The Energy and Resource Institute.
TCO	Total Cost of Operation
VRLA	Valve-Regulated Lead-Acid Battery
WH	Warehouse
Wi-fi	Wireless Fidelity
ZOM	Zonal Office Manager





# Circle Offices

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## **Bihar & Jharkhand**

Alankar Business Center,  
2nd Floor, East Boring Canal Road,  
Budha Colony, Patna - 800001, Bihar

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## **Haryana & Himachal Pradesh**

8th Floor (South Side), Anantraj  
Technology Park, Plot No. 1,  
Sector 22, IT Park Panchkula,  
Haryana - 134109

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## **Jammu & Kashmir**

3rd Floor, 29- GMC, TRG Complex,  
Opp Bahu Plaza, Jammu - 180012  
Jammu & Kashmir

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## **Madhya Pradesh & Chhattisgarh**

H-3, 4th Floor, Metro Tower, Scheme  
No.54, A.B. Road, Indore - 452010,  
Madhya Pradesh

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## **Odisha**

IDCO Plot No. C-3/2, Chandaka  
Industrial Area, Chandrasekharpur,  
Bhubaneswar - 751021, Odisha

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## **North East States and Assam**

6th Floor, Bijay Crescent, Above Reliance  
Trends, Near HDFC Bank, Rukminigaon,  
Guwahati-781022, Assam

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## **Rajasthan**

6th Floor, Plot No. 8 & 9 Corporate Park,  
Gopal Bari, Azmer Road,  
Jaipur - 302006, Rajasthan

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## **Uttar Pradesh (East)**

BBD Viraj Tower, 5th Floor, Vibhuti  
Khand, Shaheed Path Gomti Nagar,  
Lucknow - 226010, Uttar Pradesh

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## **Uttar Pradesh (West)**

Knowledge Boulevard, A-8-A, The 3C  
Building, 9th Floor, Sector - 62,  
Noida - 201301, Uttar Pradesh

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**Bharti Infratel Limited**

Registered office: 901, Park Centra, Sector 30,  
NH-8, Gurugram, Haryana - 122 001, India

CIN: L64201HR2006PLC073821

[www.bharti-infratel.com](http://www.bharti-infratel.com)