Notes to Standalone Financial Statements

for the year ended March 31, 2019

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, 2019.

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.

During the year ended March 31, 2019, Bharti Infratel Limited and Indus Towers Limited and their respective shareholders and creditors have 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 Bharti 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 will be accounted for on receipt of regulatory and other approvals. 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 approval from National Company Law Tribunal (NCLT) and Department of Telecommunications for FDI approval is awaited. The Scheme has been approved by the shareholders and creditors of the Company by requisite majority on February 2, 2019. The second motion petition filed with NCLT has been admitted. The matter is listed for hearing before the NCLT on May 14, 2019.

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 24, 2019

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 millions (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 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,

Notes to Standalone Financial Statements

for the year ended March 31, 2019

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.

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

Notes to Standalone Financial Statements

for the year ended March 31, 2019

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

The determination of whether an arrangement is (or contains) a lease is based on the substance of an arrangement at inception date: whether fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement.

Company as a Lessee

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Company is classified as a finance lease.

Finance leases are capitalised at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve

Notes to Standalone Financial Statements

for the year ended March 31, 2019

a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the Statement of Profit and Loss, unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with the Company's policy on the borrowing costs.

Leased assets are depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating lease payments are recognized as an expense on a straight-line basis over the lease term and escalation in the contract, which are structured to compensate expected general inflationary increase are not straight-lined. Contingent rents are recognized as expense in the period in Statement of Profit and Loss in which they are incurred.

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. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as rental income.

Lease rentals under operating leases are recognized as income on a straight-line basis over the lease term and escalation in the contract, which are structured to compensate expected general inflationary increase are not straight lined. 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 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.

Notes to Standalone Financial Statements

for the year ended March 31, 2019

g) **Cash and Cash Equivalents**

Cash and cash equivalents in the balance sheet comprise cash at banks and on 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.

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 and Investment in commercial paper and certificate of deposits 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.

Notes to Standalone Financial Statements

for the year ended March 31, 2019

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. Further, 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 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, 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

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for the year ended March 31, 2019

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 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). The standard is applied retrospectively only to contracts that are not completed as at the date of initial application and the comparative information in the interim statement of profit and loss is not restated - i.e. the comparative information continues to be reported under previous standards on revenue i.e Ind AS 18 and Ind AS 11. 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

Notes to Standalone Financial Statements

for the year ended March 31, 2019

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 structured to increase in line with expected general inflationary increase in cost and therefore not straight lined.

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 .

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 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.

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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.

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.

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.

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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 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.

Notes to Standalone Financial Statements

for the year ended March 31, 2019

(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 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 year.

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)

Notes to Standalone Financial Statements

for the year ended March 31, 2019

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company 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).

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) Operating Lease Commitments – 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.

The Company has ascertained that the annual escalations in the lease payment received under the MSA are structured to compensate the expected inflationary increase in cost and therefore has not been straight-lined.

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

Notes to Standalone Financial Statements

for the year ended March 31, 2019

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, 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 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 Company has reassessed the residual value of batteries and Diesel generators from 25% to 35% and from 10% to 20% respectively.

Set out below is impact of such change on future period depreciation:-

(₹ millions)

Particulars	Year ended March 31, 2019	After March 31, 2018
Decrease in Depreciation	1,327	2,666

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.

5. Recent Accounting Pronouncement Issued but Not Yet Effective Upto the Date of Issuance of Financial Statements

a) Ind AS 116, Leases

Ind AS 116 – 'Leases' was notified on 30th March 2019, which is applicable for the accounting period beginning from 1st April 2019. For lessees, the standard eliminates the classification of leases as either operating or finance, as required by Ind AS 17, and instead introduces a single lease accounting model. Applying that model a lessee is required to recognize, (a) assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value and (b) depreciation of leased assets separately from interest on lease liabilities in the income statement. Lessor Accounting under Ind AS 116 will not be having any transitional impact on initial recognition. Under Ind AS 17, the company was charging lease rental in statement of Profit and loss, which would be charged as depreciation and finance cost under Ind AS 116, having a favourable impact on EBITDA.

A lessor shall recognise lease payments from leases as income on either straight-line or another systematic basis. The standard permits two possible methods of transition:

- Full retrospective - Retrospectively to each prior period presented applying Ind AS 8 Accounting Policies, Changes in Accounting Estimates and Errors.
- Modified retrospective - Retrospectively, with the cumulative effect of initially applying the Standard recognized at the date of initial application.

Under modified retrospective approach, the lessee records the lease liability at the present value of the remaining lease payments, discounted at the incremental borrowing rate and the right of use asset either at:

- Its carrying amount as if the standard had been applied since the commencement date, but discounted at lessee's incremental borrowing rate at the date of initial application or
- An amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments related to that lease recognized under Ind AS 17 immediately before the date of initial application.

The company is in the process of evaluating the impact of transitioning from old standard i.e Ind AS 17 to new standard i.e Ind AS 116 and the transition approach.

b) Appendix C to Ind AS 12, Uncertainty over Income Tax Treatments

This Appendix clarifies how to apply the recognition and measurement requirements in Ind AS 12 when there is uncertainty over income tax treatments. In such a circumstance, an entity shall recognise and measure its current or deferred tax asset or liability applying the requirements in Ind AS 12 based on taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates determined applying this Appendix. There is no impact on the company due to notification of this Appendix.

c) Amendment to Ind AS 12- Income Taxes

On March 30, 2019, the amendments to the guidance in Ind AS 12, 'Income Taxes', in connection with accounting for dividend distribution taxes.

The amendment clarifies that an entity shall recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events.

The amendment is effective from annual period beginning from April 1, 2019. There Company is currently evaluating the effect of this amendment.

d) Amendment to Ind AS 19- Employee Benefits

On March 30, 2019, the amendments to Ind AS 19, in connection with accounting for plan amendments, curtailments and settlements. The amendments require an entity, to use updated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment or settlement; and to recognise in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognised because of the impact of the asset ceiling.

Effective date for application of this amendment is annual period beginning on or after April 1, 2019. The Company does not have any impact on account of this amendment.

Notes to Financial Statements

for the year ended March 31, 2019

6. Property, Plant & Equipment & Intangible Asset

(₹ millions)

Particulars	Land	Plant and equipment	Office furniture and equipment	Vehicles	Computers	Leasehold improvements	Tangible assets Total	Computer Software	Intangible asset Total
Cost or valuation									
As at April 1, 2017	**2**	**134,034**	**218**	**8**	**884**	**322**	**135,468**	**505**	**505**
Additions	-	10,721	13	-	37	19	10,790	20	20
Disposals/Adjustment	-	(4,063)	(4)	(2)	-	-	(4,069)	-	-
As at March 31, 2018	**2**	**140,692**	**227**	**6**	**921**	**341**	**142,189**	**525**	**525**
Additions	-	8,927	10	1	35	11	8,984	11	11
Disposals/Adjustment	-	(3,706)	(3)	-	(6)	(2)	(3,717)	-	-
As at March 31, 2019	**2**	**145,913**	**234**	**7**	**950**	**350**	**147,456**	**536**	**536**
Accumulated Depreciation/ Amortisation									
As at April 1, 2017	**-**	**76,494**	**187**	**6**	**741**	**229**	**77,657**	**402**	**402**
Charge for the period	-	12,019	17	-	79	22	12,137	46	46
Disposals/Adjustment	-	(3,413)	(4)	(2)	-	-	(3,419)	-	-
As at March 31, 2018	**-**	**85,100**	**200**	**4**	**820**	**251**	**86,375**	**448**	**448**
Charge for the period	-	10,893	13	1	71	23	11,001	42	42
Disposals/Adjustment	-	(3,117)	(3)	-	(1)	(2)	(3,123)	-	-
As at March 31, 2019	**-**	**92,876**	**210**	**5**	**890**	**272**	**94,253**	**490**	**490**
Net block									
As at March 31, 2018	**2**	**55,592**	**27**	**2**	**101**	**90**	**55,814**	**77**	**77**
As at March 31, 2019	**2**	**53,037**	**24**	**2**	**60**	**78**	**53,203**	**46**	**46**

(i) "Plant and equipment" comprise of assets given on operating lease.
(ii) Depreciation charge for the year includes ₹ 382 Mn (FY 2017 - 18 - ₹ 671 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 Company.
(iv) Net book value of computers of ₹ 23 Mn (March 31, 2018: ₹ 68 Mn) are under finance lease.

Notes to Standalone Financial Statements

for the year ended March 31, 2019

7. Investment in Joint Venture

(₹ millions)

Particulars	As at March 31, 2019	As at March 31, 2018
Unquoted, at cost		
Indus towers Limited: 500,504 (March 31, 2018- 500,504) equity shares of ₹ 1 each fully paid up	60,419	60,419
	60,419	**60,419**

8. Investment

a) Non Current Investment

(₹ millions)

Particulars	As at March 31, 2019	As at March 31, 2018
Investment in subsidiary (Unquoted) at cost		
Smartx Services Limited: 3,000,000 (March 31, 2018- 3,000,000) equity shares of ₹ 10 each fully paid up	30	30
Investments carried at fair value through profit or loss		
Mutual funds (quoted)	16,007	334
Government securities (quoted)	293	290
Investments carried at fair value through other comprehensive income		
Bonds (quoted)	2,124	2,153
	18,454	**2,807**

b) Current Investment

(₹ millions)

Particulars	As at March 31, 2019	As at March 31, 2018
Investments carried at fair value through profit or loss		
Mutual funds (quoted)	16,823	51,038
Bond (quoted)	801	1,001
Non convertible debentures (quoted)	-	997
Government securities (quoted)	11,925	11,798
Investments carried at fair value through other comprehensive income		
Commercial paper (quoted)	-	239
	29,549	**65,073**
Aggregate value of unquoted Investments (cost)	30	30
Aggregate value of quoted Investments (cost)	46,622	67,580
Aggregate market value of quoted Investments	47,973	67,850

Notes to Standalone Financial Statements

for the year ended March 31, 2019

Non Current Investments

Details of Investments in Mutual Funds are Provided Below:

(₹ millions)

Particulars	As at March 31, 2019		As at March 31, 2018	
	Unit No.	Amount	Unit No.	Amount
BOI AXA Corporate Credit Spectrum Fund - Regular Plan	-	-	25,000,000	334
L& T Liquid - Growth	784,834	2,004	-	-
UTI - Liquid Cash Plan - Institutional Growth	404,787	1,235	-	-
Axis Liquid Fund - Growth (CFGPG)	2,173,652	4,489	-	-
Baroda Pioneer Liquid Fund - Plan A - Growth	1,513,826	3,238	-	-
DSP BlackRock Liquidity Fund - IP - Growth	1,138,181	3,026	-	-
Tata money market fund regular plan-Growth	687,670	2,015	-	-
	6,702,950	**16,007**	**25,000,000**	**334**

Details of Investments in Government Securities are Provided Below:

(₹ millions)

Particulars	As at March 31, 2019		As at March 31, 2018	
	Units	Amount	Units	Amount
6.97% Govt Stock 2026	3,000,000	293	3,000,000	290
	3,000,000	**293**	**3,000,000**	**290**

Details of Investments in Bonds are Provided Below:

(₹ millions)

Particulars	As at March 31, 2019		As at March 31, 2018	
	Units	Amount	Units	Amount
National Highway Authority of India	500	524	500	540
NTPC Limited	300	314	300	320
Housing and Urban Development Corporation Limited	200,000	222	200,000	227
Indian Railway Finance Corporation Limited	1,000	1,064	1,000	1,066
	201,800	**2,124**	**201,800**	**2,153**

Notes to Standalone Financial Statements

for the year ended March 31, 2019

Current Investments

Details of Investments in Mutual Funds are Provided Below:

(₹ millions)

Particulars	As at March 31, 2019		As at March 31, 2018	
	Units	Amount	Units	Amount
L& T Liquid - Growth	-	-	1,323,618	3,145
UTI - Liquid Cash Plan - Institutional Growth	-	-	141,432	401
JM High Liquidity Fund - Growth Option	3,332,222	170	10,679,744	506
Axis Liquid Fund - Growth	-	-	2,702,957	5,192
Birla Sun Life Floating rate fund short term plan- Growth	2,995,937	750	5,213,799	1,205
Tata Liquid Fund Regular plan- Growth	-	-	65,041	208
ICICI Prudential Liquid Plan- Growth	8,616,678	2,373	16,090,248	4,125
Baroda Pioneer Liquid Fund - Plan A - Growth	-	-	1,722,777	3,427
Birla Sun Life Cash Plus - Regular - Growth	922,495	276	15,314,618	4,261
DSP BlackRock Liquidity Fund - IP - Growth	-	-	943,747	2,335
Kotak Liquid Scheme Plan A - Growth	-	-	104,454	367
Reliance Liquid Fund - Treasury Plan - Growth	-	-	458,135	1,934
SBI Magnum Insta Cash - Growth	-	-	262,794	1,006
UTI-Money Market Fund -Institutional Plan - Growth	915,970	1,922	2,028,686	3,935
Invesco India Liquid Fund - Growth	931,426	2,386	1,522,476	3,629
IDFC Cash Fund - Regular - Growth	-	-	1,028,673	2,164
Reliance Quarterly Interval Fund - Series II - Growth Plan	-	-	42,323,385	1,010
Tata money market fund regular plan-Growth	-	-	992,823	2,707
DHFL Pramerica Insta Cash Plus Fund - Growth	-	-	14,494,770	3,261
Reliance Fixed Horizon Fund	-	-	60,000,000	605
HDFC liquid fund-Regular Plan-Growth	-	-	14,831	51
ICICI prudential fixed maturity plan	-	-	60,000,000	604
Kotak Floater Short Term- Growth (Regular Plan)	1,036,601	3,189	1,743,940	4,960
HSBC Cash Fund	1,817,400	3,373	-	-
Franklin India Liquid Fund	855,180	2,384	-	-
	21,423,909	**16,823**	**239,172,948**	**51,038**

Notes to Standalone Financial Statements

for the year ended March 31, 2019

Details of Investments in Bonds are Provided Below:

(₹ millions)

Particulars	As at March 31, 2019		As at March 31, 2018	
	Units	Amount	Units	Amount
8.57% HDFC 2018	-	-	2,000	1,001
8.68% Indiabulls Housing Finance	800	801	-	-
	800	**801**	**2,000**	**1,001**

Details of Investments in Non Convertible Debentures are Provided Below:

(₹ millions)

Particulars	As at March 31, 2019		As at March 31, 2018	
	Units	Amount	Units	Amount
Indiabulls Housing Limited	-	-	1,000	997
	-	**-**	**1,000**	**997**

Details of Investments in Government Securities are Provided Below:

(₹ millions)

Particulars	As at March 31, 2019		As at March 31, 2018	
	Units	Amount	Units	Amount
7.68% Govt Stock 2023	98,000,000	10,089	98,000,000	9,947
8.27% Govt Stock 2020	18,000,000	1,836	18,000,000	1,851
	116,000,000	**11,925**	**116,000,000**	**11,798**

Details of Commercial Paper are Provided Below:

(₹ millions)

Particulars	As at March 31, 2019		As at March 31, 2018	
	Units	Amount	Units	Amount
Bajaj Finance Limited	-	-	1,000	239
	-	**-**	**1,000**	**239**

Notes to Standalone Financial Statements

for the year ended March 31, 2019

9. Other financial assets

a) Non Current

(₹ millions)

Particulars	As at March 31, 2019	As at March 31, 2018
Security deposit		
Unsecured, considered good	1,342	1,231
Unsecured, considered doubtful	294	288
Less :- Provisions	(294)	(288)
	1,342	**1,231**
Loans given- Unsecured Considered Good	291	121
Fixed deposits for more than one year	13	15
	1,646	**1,367**

"Security deposit" includes ₹ 3 Mn given to related parties (March 31, 2018- ₹ 3 Mn). For details, refer note 42.
The Company has granted an interest free unsecured loan to its wholly owned subsidiary company "Smartx Services Limited".

b) Current

(₹ millions)

Particulars	As at March 31, 2019	As at March 31, 2018
Unbilled revenue	4,698	4,827
Interest accrued on Investments	448	520
Security Deposit	5	1
Claim Recoverable	64	58
Other Recoverable	1	60
	5,216	**5,466**

"Unbilled revenue" includes amount pertaining to related parties amounting to ₹ 2,984 Mn as at March 31, 2019 (March 31, 2018 - ₹ 2,880 Mn). Other recoverable includes ₹ Nil (March 31, 2018 -₹ 60 Mn) receivable from related parties. For details refer note 42.

10. Taxes

a) Income Tax Expense

The major components of income tax expense are:

i. Profit and Loss

(₹ millions)

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Current tax	8,469	8,939
Deferred tax	392	(808)
Income tax expense	**8,861**	**8,131**

Notes to Standalone Financial Statements

for the year ended March 31, 2019

ii. Other Comprehensive Income

(₹ millions)

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Deferred tax on re-measeurements of defined benefits plan*	(3)	-
Deferred tax on Fair Value changes of financial assets at FVTOCI	3	(3)
Income tax charged to other comprehensive income	**-**	**(3)**

*Amount for previous year is less than ₹ 1 Mn

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

(₹ millions)

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Net income before taxes	36,651	32,270
Enacted tax rate in India	34.944%	34.608%
Computed tax expense	**12,807**	**11,168**
Increase/(reduction) in taxes on account of:		
Tax effect on exempted income.	(3,986)	(3,515)
Tax effect of long-term MTM loss/(gain) on non-current investment	(11)	(62)
Tax effect of long term capital loss/(gain) on sale of non current investment	(19)	513
Others	70	27
Income tax expense recorded in the statement of profit and loss	**8,861**	**8,131**

The applicable Indian statutory tax rate for financial year 2018-19 is 34.944% and for financial year 2017-18 was 34.608%.

Notes to Standalone Financial Statements

for the year ended March 31, 2019

c) **Deferred Tax Assets/ (Liabilities)**

The components that gave rise to deferred tax assets and liabilities are as follows:

(₹ millions)

Particulars	As at March 31, 2019	As at March 31, 2018
Deferred tax liability in relation to:		
Property, plant and equipment and intangible asset (excluding ARO)	567	788
Investment carried at Fair value through profit or loss/ OCI	565	210
Security deposit received measured at amortised cost	94	110
Gain on disposal of subsidiary (refer note 44(b))	116	116
Total deferred Tax liabilities	**1,342**	**1,224**
Deferred Tax Assets in relation to:		
Asset retirement obligation	724	626
Investment carried at Fair value through profit or loss/ OCI	40	60
Short term capital loss carried forward	-	28
Long term capital loss carried forward	250	259
Security deposit paid measured at amortised cost	3	57
Provision for doubtful debts and advance	218	469
Provision for employee benefits	103	99
Employee Stock option plans	120	120
Others	34	48
Total deferred tax assets	**1,492**	**1,766**
Net deferred tax liabilities/(asset)	**(150)**	**(542)**

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.

Current tax expense includes tax reversal of ₹ 46 Mn (March 31, 2018 – tax reversal of ₹ 64 Mn) and deferred tax expense includes tax expense of ₹ 30 Mn (March 31, 2018 – tax expense of ₹ 53 Mn), respectively relating to earlier periods.

The reconciliation of Net Deferred Tax Liability/ (Asset) is Follows:

(₹ millions)

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Opening balance	(542)	263
Tax expense during the year recognised in Statement of profit and loss	392	(805)
Closing balance	**(150)**	**(542)**

Notes to Standalone Financial Statements

for the year ended March 31, 2019

11. Other Non-Current Assets

(₹ millions)

Particulars	As at March 31, 2019	As at March 31, 2018
Capital advances		
Unsecured, considered good	-	2
Unsecured, considered doubtful	19	18
Less: provision for capital advances	(19)	(18)
	-	**2**
Others		
Considered good	1,807	2,732
Considered doubtful	18	18
Less - provision	(18)	(18)
	1,807	**2,732**
Deferred lease - security deposit	30	36
	1,837	**2,770**

"Others" comprise of payments made under protest to the government authorities. For details, refer note 39(b).

12. Trade Receivables

(₹ millions)

Particulars	As at March 31, 2019	As at March 31, 2018
Secured, considered good	-	-
Unsecured, considered good	5,791	4,050
Significant increase in credit risk	-	-
Credit Impaired	-	-
Less: Allowance for doubtful receivables	(337)	(1,305)
	5,454	**2,745**

Includes receivables from related parties amounting to ₹ 3,822 Mn (March 31, 2018 - ₹ 835 Mn), respectively. For details, refer note 42. Trade receivables are non-interest bearing and due after 15 days from the date of invoice.

13. Cash and Cash Equivalents

(₹ millions)

Particulars	As at March 31, 2019	As at March 31, 2018
Balance with banks		
On current accounts	1	55
Deposits with original maturity of less than three months	1	250
Cheques on hand*	-	-
	2	**305**

* Amount is less than 1 Mn.

Notes to Standalone Financial Statements

for the year ended March 31, 2019

For the Purpose of Statement of Cash Flows, Cash and Cash Equivalents Comprise of Following:-

(₹ millions)

Particulars	As at March 31, 2019	As at March 31, 2018
Cash and cash equivalents as per balance sheet	2	305
Bank Overdraft	(57)	-
	(55)	**305**

14. Other Bank Balances

(₹ millions)

Particulars	As at March 31, 2019	As at March 31, 2018
Fixed deposits with original maturity less than twelve months	14	4
	14	**4**

15. Other Current Assets

(₹ millions)

Particulars	As at March 31, 2019	As at March 31, 2018
Loans and advance to related parties (refer note 42) - Unsecured considered good	195	259
Advance to supplier	1,993	1,946
Other taxes recoverable	270	454
Prepaid expenses	193	95
Others	22	28
	2,673	**2,782**

"Advance to supplier" is net of provision of ₹ 73 Mn (March 31, 2018 - ₹ 69 Mn). "Other Taxes recoverable" is net of provision of ₹ 44 Mn (March 31, 2018 - ₹ 44 Mn)

16. Share Capital

a. **Equity Share Capital:**

(₹ millions)

Particulars	As at March 31, 2019	As at March 31, 2018
Authorized Shares		
3,500,000,000 equity shares of ₹ 10 each (3,500,000,000 equity shares as at March 31, 2018)	35,000	35,000
Issued, subscribed and fully paid-up shares		
1,849,608,246 equity shares of ₹ 10 each fully paid-up (March 31, 2018-1,849,608,246 equity shares)	18,496	18,496
	18,496	**18,496**

Notes to Standalone Financial Statements

for the year ended March 31, 2019

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.

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 ensuing Annual General Meeting.

The Board of Directors, in its meeting held on October 24, 2018 had approved an interim dividend of ₹7.50 per equity share for FY 2018-19.

c. Shares Held by Parent Company:

(₹ millions)

Particulars	As at March 31, 2019		As at March 31, 2018	
	No.	₹ Millions	No.	₹ Millions
Equity shares of ₹ 10 each fully paid				
Bharti Airtel Limited	620,898,728	6,209	930,898,728	9,309

d. Details of Shareholders Holding More than 5% Shares in the Company:

(₹ millions)

Particulars	As at March 31, 2019		As at March 31, 2018	
	No.	% holding	No.	% holding
Equity shares of ₹ 10 each fully paid				
Bharti Airtel Limited	620,898,728	33.57%	930,898,728	50.33%
Nettle Infrastructure Investments Limited	368,882,251	19.94%	58,882,251	3.18%
Silverview Portfolio Investments Pte. Ltd.	130,803,065	7.07%	130,803,065	7.07%
Total	**1,120,584,044**	**60.58%**	**1,120,584,044**	**60.58%**

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 37).

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.

Notes to Standalone Financial Statements

for the year ended March 31, 2019

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 37.

17. Other Equity

(₹ millions)

Nature	As at March 31, 2019	As at March 31, 2018
Securities Premium	48,837	48,837
Share Based Payment reserves	68	76
General Reserve	58,747	67,351
Capital Redemption Reserve	471	471
Retained Earnings	29,926	41,903
Other Comprehensive Income	98	120
	138,147	**158,758**

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.

18. Other Financial Liabilities, Non-Current

(₹ millions)

Particulars	As at March 31, 2019	As at March 31, 2018
Security deposits	2,430	2,523
	2,430	**2,523**

The above security deposit is the fair value of total security deposit at transaction value for ₹ 3,557 Mn as at March 31, 2019 (March 31, 2018 ₹ 4,010 Mn)

"Security deposits" includes transaction value of ₹ 2,056 Mn (March 31, 2018 - ₹ 2,031 Mn) towards amounts received from related parties. For details, refer note 42.

Notes to Standalone Financial Statements

for the year ended March 31, 2019

19. Provisions

a) Long Term Provisions

(₹ millions)

Particulars	As at March 31, 2019	As at March 31, 2018
Asset retirement obligation (ARO)	2,538	2,322
Gratuity (refer note 36)	156	140
Long-term service award	29	22
	2,723	**2,484**

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:

(₹ millions)

Particulars	As at March 31, 2019	As at March 31, 2018
Opening Balance	2,322	2,102
Provision during the year	17	48
Unwinding of discount	199	172
Closing Balance	**2,538**	**2,322**

b) Short Term Provisions

(₹ millions)

Particulars	As at March 31, 2019	As at March 31, 2018
Gratuity (refer note 36)	49	54
Leave encashment	91	89
	140	**143**

20. Other Non-Current Liabilities

(₹ millions)

Particulars	As at March 31, 2019	As at March 31, 2018
Deferred lease- security deposit	858	1,172
Unearned revenue	450	458
	1,308	**1,630**

Notes to Standalone Financial Statements

for the year ended March 31, 2019

21. Borrowings

(₹ millions)

Particulars	As at March 31, 2019	As at March 31, 2018
Bank overdraft (unsecured)	57	-
	57	-

The Bank overdraft is repayable on demand and carries interest rate of 8.75% per annum.

22. Trade Payables

a) Trade Payable include ₹ 84 Mn (March 31, 2018 - ₹ 80 Mn) payable to Parent company, fellow subsidiary and Group Company. Further ₹ 74 Mn (March 31, 2018- ₹ 140 Mn) payable to related parties. For details, refer note 42.

b) Details of dues to micro and small enterprises as defined under the MSMED Act, 2006

(₹ millions)

Particulars	As at March 31, 2019	As at March 31, 2018
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	26	22
Interest due on above	-	-
	26	22
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	35	33
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.

Notes to Standalone Financial Statements

for the year ended March 31, 2019

23. Other Financial Liabilities

(₹ millions)

Particulars	As at March 31, 2019	As at March 31, 2018
Equipment supply payables	1,075	1,115
Payable to employees	234	233
Creditors for capital expenditure	704	1,131
Book Overdraft	158	-
	2,171	**2,479**

24. Other Current Liabilities

(₹ millions)

Particulars	As at March 31, 2019	As at March 31, 2018
Accrued expenses	3,087	2,857
Other taxes payable	1,024	1,085
Unearned revenue	138	14
Liability for cash settled option (refer note 37)	10	11
Others	134	129
	4,393	**4,096**

25. Revenue from Operations

(₹ millions)

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Sale of services		
Rent	39,844	40,720
Energy (Including recoveries for rates and taxes)	28,373	25,460
	68,217	**66,180**

26. Other Income

(₹ millions)

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Interest income (Others)	213	369
Dividend income from joint venture	11,261	10,010
Profit on sale of property, plant and equipment	530	626
Miscellaneous income	272	56
	12,276	**11,061**

Notes to Standalone Financial Statements

for the year ended March 31, 2019

27. Power and Fuel

(₹ millions)

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Network	25,223	22,791
Others	26	22
	25,249	**22,813**

28. Rent

(₹ millions)

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Network	3,269	3,352
Others	152	153
	3,421	**3,505**

29. Employee Benefit Expenses

(₹ millions)

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Salaries, wages and bonus	2,655	2,589
Contribution to provident fund	82	81
Equity settled/cash settled option expense	25	65
Staff welfare expenses	101	116
Others	52	65
	2,915	**2,916**

"Salaries, wages and bonus" includes gratuity and other post employment benefits. For details, refer note 36.

Further, for details of employee stock/cash option expense, refer note 37

30. Repairs and Maintenance

(₹ millions)

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Repair and maintenance		
- Plant and machinery	2834	3,168
- Building	4	3
- Others	797	891
	3,635	**4,062**

Notes to Standalone Financial Statements

for the year ended March 31, 2019

31. Other expenses

(₹ millions)

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Insurance	89	53
Travelling and conveyance	160	148
Communication expenses	89	93
Legal and professional	482	418
IT expenses	344	266
Provision for doubtful debts and advances (net)	(946)	(88)
Bad Debts Written off	887	-
Miscellaneous expenses		
- Network	91	6
- Others	121	134
	1,317	**1,030**

Payment to Auditor (Net of GST/ Service Tax)

(₹ millions)

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Audit fee	5.2	5.2
Other services	0.9	-
Reimbursement of expenses	0.4	0.4
	6.5	**5.6**

32. Depreciation and amortization expense

(₹ millions)

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Depreciation	11,001	12,137
Amortization	42	46
	11,043	**12,183**
Less: adjusted with general reserve in accordance with the Scheme of arrangement with Bharti Airtel Limited (refer note 45)	(406)	(387)
	10,637	**11,796**

Notes to Standalone Financial Statements

for the year ended March 31, 2019

33. Finance Costs and Income

(₹ millions)

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Finance costs		
Interest cost	62	25
Bank charges	4	7
Unwinding of discount on asset retirement obligation	199	172
Unwinding of discount on security deposit received	264	261
	529	**465**
Finance Income		
Interest income on financial assets carried at amortized cost:		
Interest on bank deposit	184	199
Interest on security deposit paid	39	41
Interest income on loans	-	73
Interest income on financial assets carried at fair value through other comprehensive income:		
Interest on tax free bonds	145	144
Interest on certificate of deposits	52	56
Interest on commercial paper	60	26
Interest income on financial assets carried at fair value through profit or loss:		
Interest on government securities	922	2,987
Interest on taxable bonds	75	79
Interest on non convertible debentures	11	62
Gain/(loss) on investments (including MTM gain/(loss))	2,918	(1,497)
	4,406	**2,170**

34. Exceptional Items

Aircel was one of the leading customer of the Company. During the previous year ended March 31, 2018, Aircel filed for bankruptcy with NCLT. Pursuant to the same, the Company had assessed the recoverability of dues and has taken a charge of ₹ 260 Mn as an exceptional item.

35. Earnings Per Share (EPS)

(₹ millions)

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Nominal value of equity shares (₹)	10	10
Profit attributable to equity shareholders for computing Basic and Dilutive EPS (A) (₹ Millions)	27,790	24,139

Notes to Standalone Financial Statements

for the year ended March 31, 2019

35. Earnings Per Share (EPS) (contd..)

(₹ millions)

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
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) (₹)	15.025	13.051
Diluted earnings per share (A/C) (₹)	15.025	13.051

36. Employee Benefits

The Company has recognised the following amounts in the statement of profit and loss:

Defined contribution plan

(₹ millions)

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Employer's contribution to provident fund	82	81
	82	**81**

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:

(₹ millions)

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Service cost	31	32
Interest cost	15	13
	46	**45**

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for the year ended March 31, 2019

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:-

(₹ millions)

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Discount rate	7.65%	7.85%
Expected rate of increase in compensation levels	9.00%	10.00%
Expected average remaining working lives of employees (years)	22.41	22.76

iii. Reconciliation of Opening and Closing Balances of Defined Benefit Obligation:

(₹ millions)

Particulars	As at March 31, 2019	As at March 31, 2018
Present value of benefit obligation at beginning of year	194	172
Service cost	31	32
Interest cost	15	13
Benefits paid	(22)	(22)
Actuarial (gain)/ loss	(8)	(1)
Acquisition Adjustment	(6)	-
Present value of benefit obligation at end of year	**204**	**194**

iv. Amount Recognised in Other Comprehensive Income

(₹ millions)

Particulars	As at March 31, 2019	As at March 31, 2018
Opening Net Cumulative unrecognized	(11)	(12)
Actuarial Gain / (Loss)	8	1
Unrecognized Actuarial Gain/(Loss) at the end of year	**(3)**	**(11)**

Notes to Standalone Financial Statements

for the year ended 31, 2019

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 ₹ 47 Mn (March 31, 2018– ₹ 46 Mn).

viii. The Maturity Profile of Defined Benefit Obligation is as Follows

(₹ millions)

Period	Amount
April 2019- March 2020	49
April 2020- March 2021	17
April 2021- March 2022	15
April 2022- March 2023	14
April 2023 onwards	109

ix. Sensitivity Analysis

(₹ millions)

Particulars	Change in Assumption		Impact on Gratuity	
	Year ended March 31, 2019	Year ended March 31, 2018	Year ended March 31, 2019	Year ended March 31, 2018
Discount rate	+1%	+1%	(11)	(8)
	-1%	-1%	12	9
Salary Growth rate	+1%	+1%	12	8
	- 1%	-1%	(11)	(8)

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.

37. 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 and 2018-19, the Company had announced Long term incentive plan (LTIP) 2015, Long term incentive plan (LTIP) 2016, Long term incentive plan (LTIP) 2017 and Long term incentive plan (LTIP) 2018 respectively for its employees.

Notes to Standalone Financial Statements

for the year ended March 31, 2019

37. Employee Stock/Cash Settled Option Plans (contd..)

The following table provides an overview of all existing stock/cash option plans of the Company.

Equity	Scheme	Plan	Stock options outstanding (in thousands)	Vesting period (years)	Contractual term (years)	Weighted average exercise price (₹)	Classification/ accounting treatment
	Equity settled Plans						
Company	Infratel Plan	2008 Plan	58	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)	17	1 - 3	7	10	Equity settled
	Infratel Plan	Long term incentive plan (LTIP) 2015 (Grant 2016)	46	1 - 3	7	10	Equity settled
	Infratel Plan	Long term incentive plan (LTIP) 2015 (Grant 2017)	74	1 - 3	7	10	Equity settled
	Infratel plan	Long term incentive plan (LTIP) 2015 (Grant 2018)	158	1 - 3	7	10	Equity settled
	Cash settled Plans						
	Infratel Plan	Performance Unit Plan (2013 and 2014)	23	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
1. ESOP Scheme 2008 (including LTIP)		
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%

Notes to Standalone Financial Statements

for the year ended March 31, 2019

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
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%
2. Performance Unit Plan (Cash settled plan) (2013 and 2014)		
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%
3. Long term incentive plan (LTIP) 2015 (Grant 2015)		
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%
4. Long term incentive plan (LTIP) 2015 (Grant 2016)		
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%
5. Long term incentive plan (LTIP) 2015 (Grant 2017)		
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%
6. Long term incentive plan (LTIP) 2015 (Grant 2018)		
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 Standalone Financial Statements

for the year ended March 31, 2019

Information concerning the movement in stock options during the year and outstanding at the year end is as follows:

(₹ millions)

Particulars	As at March 31, 2019		As at March 31, 2018	
	Number of stock options (In '000)	Exercise price (₹)	Number of stock options (In '000)	Exercise price (₹)
Company				
Plan 2008				
Outstanding at beginning of the year	108	110	158	110
Granted	-	-	-	-
Forfeited	(1)	110	(1)	110
Exercised	(49)	110	(49)	110
Outstanding at the year end	58	110	108	110
Exercisable at end of the year	58	110	108	110
LTI Plan (Part of 2008 plan)				
Outstanding at beginning of the year	-	-	2	10
Granted	-	-	-	-
Forfeited	-	-	-	-
Exercised	-	-	(2)	10
Outstanding at the year end	-	-	-	-
Exercisable at end of the year	-	-	-	-
Cash settled Plan (2013 and 2014)				
Outstanding at beginning of the year	23	NA	75	NA
Granted	-	-	-	-
Forfeited	-	-	-	-
Exercised	-	NA	(52)	NA
Outstanding at the year end	23	NA	23	NA
Exercisable at end of the year	23	NA	23	NA
LTI Plan 2015 (Grant 2015)				
Outstanding at beginning of the year	45	10	68	10
Granted	-	-	-	-
Forfeited	(4)	10	(4)	10
Exercised	(25)	10	(18)	10
Outstanding at the year end	17	10	45	10
Exercisable at end of the year	17	10	16	10
LTI Plan 2015 (Grant 2016)				
Outstanding at beginning of the year	83	10	105	10
Granted	-	-	-	-
Forfeited	(13)	10	(6)	10
Exercised	(24)	10	(16)	10
Outstanding at the year end	46	10	83	10
Exercisable at end of the year	17	10	15	10

Notes to Standalone Financial Statements

for the year ended March 31, 2019

Information concerning the movement in stock options during the year and outstanding at the year end is as follows: (contd..)

(₹ millions)

Particulars	As at March 31, 2019		As at March 31, 2018	
	Number of stock options (In '000)	Exercise price (₹)	Number of stock options (In '000)	Exercise price (₹)
LTI Plan 2015 (Grant 2017)				
Outstanding at beginning of the year	110	10	-	-
Granted	-	-	115	10
Forfeited	(21)	10	(5)	10
Exercised	(15)	10	-	-
Outstanding at the year end	74	10	110	10
Exercisable at end of the year	14	10	-	-
LTI Plan 2015 (Grant 2018)				
Outstanding at beginning of the year	-	-	-	-
Granted	158	10	-	-
Forfeited	-	-	-	-
Exercised	-	-	-	-
Outstanding at the year end	158	10	-	-
Exercisable at end of the year	-	-	-	-

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, 2019	March 31, 2018	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
Equity settled plans						
Plan 2008	2.17	2.66	-	-	278.61	385.35
LTI Plan (Part of 2008 plan)	-	-	-	-	-	420.30
LTI plan 2015 (Grant 2015)	6.01	6.87	-	-	292.96	380.92
LTI plan 2015 (Grant 2016)	6.88	7.62	-	-	291.83	368.71
LTI plan 2015 (Grant 2017)	7.61	8.44	-	377.42	265.83	-
LTI plan 2015 (Grant 2018)	8.44	-	258.29	-	-	-
Cash settled plans						
PUP 2013 & 2014	4.59	5.59	-	-	-	418.45

Notes to Standalone Financial Statements

for the year ended March 31, 2019

The fair value of the options granted during the year was estimated using the Black Scholes, method of valuation with the following assumptions:

(₹ millions)

Particulars	LTIP Plan 2015 (Grant 2018) As at March 31, 2019	LTIP Plan 2015 (Grant 2017) As at March 31, 2018
Risk free interest rates	6.21% to 8.03%	6.17% to 6.90%
Vesting period	36 months	36 months
Weighted average share price (₹)	220.20	314.52
Volatility	29.06%	33.82%
Dividend yield	4.74%	3.99%

Total employee stock/cash options expense recognised for the year ended March 31, 2019 and March 31, 2018 is ₹ 25 Mn and ₹ 65 Mn respectively.

Notes:

(i) 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.

(ii) 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. As of March 31, 2019, Bharti Infratel Employee Welfare Trust ('the Trust') holds 636,660 shares (of Face Value of ₹ 10 each) (March 31, 2018- 762,110 equity shares) of the Company.

(₹ millions)

Particulars	As at March 31, 2019	As at March 31, 2018	As at March 31, 2019	As at March 31, 2018
	Number of Shares		(₹ Millions)	
Opening Balance	762,110	852,656	289	324
Issued during the year	(125,450)	(90,546)	(49)	(35)
Closing Balance	**636,660**	**762,110**	**240**	**289**

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for the year ended March 31, 2019

38. Leases

(a) Operating Lease: Company as a Lessee

The lease rentals paid under non-cancelable leases relating to rentals of building premises and cell sites as per the agreements with escalation rates ranging from 0% to 25% per annum and maximum obligation on long-term non-cancelable operating leases are as follows:

(₹ millions)

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Lease rental charged to statement of profit and loss	3,421	3,505
Obligation on non-cancelable lease:		
Not Later than one year	3,362	3,446
Later than one year but not later than five years	14,632	14,632
Later than five years	12,706	13,199
	30,700	**31,277**

(b) Operating Lease: Company as a Lessor

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 ₹ 39,844 Mn and ₹ 40,649 Mn for the year ended March 31, 2019 and March 31, 2018 respectively.

(₹ millions)

Particulars	As at March 31, 2019	As at March 31, 2018
Future minimum lease payment receivable:		
Not Later than one year	35,234	39,974
Later than one year but not later than five years	112,762	132,513
Later than five years	34,568	47,575
	182,564	**220,062**

Notes to Standalone Financial Statements

for the year ended March 31, 2019

39. Contingencies

a) Guarantees

(₹ millions)

Particulars	As at March 31, 2019	As at March 31, 2018
Guarantees issued by banks and financials institutions on behalf of the Company	-	2
	-	**2**

b) Claims Against the Company not Acknowledged as Debt

(₹ millions)

Particulars	As at March 31, 2019	As at March 31, 2018
(i) Taxes, duties and other demands (under adjudication / appeal / dispute)@		
- Sales tax (refer to a below)#	2	2
- Stamp duty (refer to b below)	192	192
- Entry tax (refer to c below)	2,375	2,374
- Municipal taxes (refer to d below)	1,543	1,360
- Service tax (refer to e below)	16,457	16,272
(ii) Other claims under legal cases including arbitration matters (refer to f below)	469	106
(iii) Income tax matters (refer to g below)#	5	1,398
	21,043	**21,704**

@ the amount includes demand amount and interest till the date of demand.

\# Includes ₹ 2 Mn (Sales tax) (March 31, 2018 - ₹ 2 Mn) and ₹ 5 Mn (Income tax), (March 31, 2018 - ₹ 1,398 Mn) for which the possibility of tax demand materializing is remote, based on internal assessment of the Company.

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.

Notes to Standalone Financial Statements

for the year ended March 31, 2019

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.

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.

On the similiar 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 and 2015-16 against which the company has filed appeal before CESTAT.

f) Other claims mainly includes demands under BOCW Cess Act and site related legal disputes.

During the year, the company has received a demand in the state of Jammu & Kashmir (J&K) and Madhya Pradesh (MP) under Building & Other Construction Workers Cess Act,1996 (the BOCW Cess Act, 1996). The Demand in MP has been challenged before Statutory Appellate Authority of Jabalpur under BOCW Cess Act, 1996. The hearing has been concluded and the Order is reserved by the Authority. The demand in J&K has been challenged through writ petition before the J&K High Court which is now fixed for hearing on April 25, 2019.

g) Income tax matters

The tax demands for Assessment years 2011-12 is mainly on issue of disallowance of provision for gratuity as unascertained provision u/s 115JB against which matter is pending before ITAT, Delhi.

The Principal bench of ITAT and CIT(A) in AY 2008-09, 2009-10 and 2011-12 and 2013-14 in respective assessment years has given relief on main issue involved in all of the assessment years i.e. disallowance of lease equalization revenue and lease equalization charges claimed/disallowed in computation of Income of respective assessment years as being notional in nature.

During the year ended March 31, 2018, CIT(A) in AY 2012-13 & 2014-15 has allowed the appeal filed by company on issue of disallowance of lease equalization revenue and lease equalization charges claimed/disallowed in computation of Income of respective assessment years, relying on order passed by Delhi ITAT on similar issue in assessment year 2008-09.

Notes to Standalone Financial Statements

for the year ended March 31, 2019

c) Capital Commitment

(₹ millions)

Particulars	As at March 31, 2019	As at March 31, 2018
Estimated amount of contracts to be executed on capital account and not provided for in the financial statements (net of capital advances)	1,256	2,623
	1,256	**2,623**

40. 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.

(₹ millions)

Particulars	Carrying Amount		Fair Value	
	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
Financial Assets				
At fair value through profit or loss				
Investment in mutual funds	32,830	51,372	32,830	51,372
Investment in government securities	12,218	12,088	12,218	12,088
Investment in non convertible debentures	-	997	-	997
Investment in taxable bonds	801	1,001	801	1,001
At fair value through other comprehensive income				
Investment in tax free bonds	2,124	2,153	2,124	2,153
Investment in commercial paper	-	239	-	239
At amortised cost				
Cash and cash equivalents	2	305	2	305
Other bank balances	14	4	14	4
Trade receivables	5,454	2,745	5,454	2,745
Other financial assets	6,862	6,833	6,862	6,833
	60,305	**77,737**	**60,305**	**77,737**
Financial Liabilities				
At amortised cost				
Borrowings	57	-	57	-
Trade payables	10,826	10,995	10,826	10,995
Other financial liabilities	4,601	5,002	4,601	5,002
	15,484	**15,997**	**15,484**	**15,997**

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.

Notes to Standalone Financial Statements

for the year ended March 31, 2019

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.

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:

(₹ millions)

Particulars	As at March 31, 2019		As at March 31, 2018	
	Level 1	Level 2	Level 1	Level 2
Financial Assets				
At fair value through profit or loss				
- Investments in mutual funds	32,830	-	51,372	-
- Investments in government securities	12,218	-	12,088	-
- Investments in non convertible debentures	-	-	997	-
- Investments in taxable bonds	-	801	1,001	-
At fair value through other comprehensive income				
- Investments in tax free bonds	-	2,124	-	2,153
- Investments in commercial paper	-	-	-	239
At Amortised Cost				
- Investments in certificate of deposits	-	-	-	-
- Investments in commercial paper	-	-	-	-
Total	**45,048**	**2,925**	**65,458**	**2,392**

During the year ended March 31, 2019, 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, 2019

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 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)
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	Group Company
Centum Learning Limited	Group Company
Bharti Foundation	Group Company
Bharti Infratel Employees Welfare Trust	Group Company
Bharti Realty Holdings Limited	Group Company
Bharti Realty Limited	Group Company
Bharti Insurance Holdings Private Limited	Group Company
Bharti Ventures 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, 2019

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, 2019 and March 31, 2018 and balances as at March 31, 2019 and March 31, 2018 are described below:

(₹ millions)

Relationship Nature of transaction	Year ended March 31,		Year ended March 31,		Year ended March 31,		Year ended March 31,		Year ended March 31,	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
	Parent Company		Subsidiary Company		Group Company		Fellow subsidiaries		Joint venture	
Loan given	-	-	(170)	(121)	-	(6,100)	-	-	-	-
Loan repaid	-	-	-	-	64	6,149	-	-	-	-
Advance given	-	(60)	-	-	-	-	-	-	-	-
Sale of property plant and equipment	-	-	7	34	-	-	-	-	-	-
Purchase of property plant and equipment	-	-	-	-	(111)	-	-	-	-	-
Revenue from operations*	40,153	34,822	8	-	-	-	3,249	2,934	-	-
Expenses (other than employee related) incurred on behalf of Company	-	-	-	-	(246)	(247)	-	-	-	-
Reimbursement of expenses	(33)	(42)	9	26	-	-	-	-	4	-
Employee related expenses incurred on behalf of Company	-	-	-	-	-	-	(4)	(6)	-	-
Procurement of services	(140)	(171)	-	-	(13)	(14)	(36)	(33)	-	-
Security deposit received	(24)	(15)	-	-	-	-	(1)	(6)	-	-
Security deposit refunded	-	10	-	-	-	-	-	1	-	-
Security deposit paid	-	-	-	-	-	-	-	-	-	-
Commission paid	-	-	-	-	-	-	-	-	(108)	(80)
Dividend received	-	-	-	-	-	-	-	-	11,261	10,010
Dividend paid/declared	(20,015)	(3,724)	-	-	(15)	(3)	(1,265)	(838)	-	-
Donation given	-	-	-	-	(361)	(200)	-	-	-	-
Interest Income	-	-	-	-	-	73	-	-	-	-
Retiral Benefit - Transfer of Employees	(7)	-	-	-	-	-	-	-	-	-
	19,934	**30,820**	**(146)**	**(61)**	**(682)**	**(342)**	**1,943**	**2,052**	**11,157**	**9,930**

*Inclusive of service tax amount/GST

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for the year ended March 31, 2019

B. Related Party Transactions During the Year: (contd..)

(₹ millions)

Relationship	Parent Company Year ended March 31, 2019	Parent Company Year ended March 31, 2018	Subsidiary Company Year ended March 31, 2019	Subsidiary Company Year ended March 31, 2018	Group Company Year ended March 31, 2019	Group Company Year ended March 31, 2018	Fellow subsidiary Year ended March 31, 2019	Fellow subsidiary Year ended March 31, 2018	Joint venture Year ended March 31, 2019	Joint venture Year ended March 31, 2018
Trade payables	(75)	(71)	-	-	-	-	(9)	(9)	(74)	(140)
Other current assets	5	60	-	-	195	259	8	-	-	-
Other financial assets	2,767	2,689	299	181	3	3	217	191	-	-
Trade receivables	3,133	701	-	-	-	-	689	134	-	-
Other financial liabilities	(1,902)	(1,878)	-	-	(12)	-	(154)	(153)	-	-
	3,928	**1,501**	**299**	**181**	**186**	**262**	**751**	**163**	**(74)**	**(140)**

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

(₹ millions)

Particulars	Balance as at March 31, 2019	Balance as at March 31, 2019	Maximum outstanding during 2018-19	Maximum outstanding during 2017-18
Loan given to subsidiary				
Smartx Services Limited	291	121	291	121
Bharti Infratel Employee's welfare Trust	195	259	259	308

Payments Made to Key Management Personnel/ Non Executive Directors:

(₹ millions)

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Short-Term employee benefits (including salary and sitting fee)	130	132
Post-Employment benefits	16	14
Share based payment	5	17
	151	**163**

Amount received from KMP for ESOP exercised ₹ 1 Mn during the year ended March 31, 2019 (March 31, 2018 ₹ 1 Mn).

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.

Notes to Standalone Financial Statements

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43. 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.

44. As per transitional provisions specified in Ind AS 101, 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 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.

45. 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.

Notes to Standalone Financial Statements
for the year ended March 31, 2019

46. During the year ended March 31, 2019, the company has received dividend of ₹22,500 per equity share from joint venture company amounting to ₹11,261 Mn which has been disclosed under other income.

47. The Company was required to spend ₹ 440 Mn towards CSR expenditure as per the requirement of the Companies Act 2013. During the year ₹ 414 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 also contributed as charity/donation to Ibadat Foundation* and Bharti Foundation (₹ 1 Mn via Airtel Delhi Half Marathon).

*Amount contributed is less than 1 Mn.

Charity and donation includes ₹ 130 Mn (FY 2017-18 : ₹ 80 Mn) paid to Prudent electoral trust (erstwhile Satya electoral trust).

48. 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 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 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, 2019 and March 31, 2018.

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.

Notes to Standalone Financial Statements

for the year ended March 31, 2019

(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 approved by the Board as per 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.

(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 days credit term. Outstanding customer receivables are regularly monitored. The ageing analysis of trade receivables as of the reporting date is as follows:

(₹ millions)

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, 2019	578	2,580	851	572	1,210	**5,791**
Trade receivables as at March 31, 2018	366	456	567	827	1,834	**4,050**

(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 board 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, 2019 and March 31, 2018 is the carrying amounts as illustrated in Note 40.

Notes to Standalone Financial Statements
for the year ended March 31, 2019

(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:-

(₹ millions)

Particulars	As at March 31, 2019						
	Carrying Amount	Contractual Cash flow	Less than 6 months	6 to 12 months	1 to 2 years	> 2 years	Total
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
Total	**15,484**	**16,611**	**13,519**	**26**	**220**	**2,846**	**16,611**

(₹ millions)

Particulars	As at March 31, 2018						
	Carrying Amount	Contractual Cash flow	Less than 6 months	6 to 12 months	1 to 2 years	> 2 years	Total
Trade payables	10,995	10,995	10,995	-	-	-	10,995
Other financial liabilities	5,002	6,489	2,926	256	318	2,989	6,489
Total	**15,997**	**17,484**	**13,921**	**256**	**318**	**2,989**	**17,484**

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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 Bank overdraft facility for 57 MN (March 31, 2018 –Nil) which is integral part of cash management The Cash and Cash equivalent is ₹ 2 Mn (March 31, 2018 – ₹ 305 Mn). The Company is not having any interest bearing debt as at March 31, 2019 and March 31, 2018 except disclosed above.

49. There are no amounts due and outstanding to be credited to the Investor Education and Protection Fund as at March 31, 2019.

50. During the year, the company has entered into arrangements with operators to receive an amount estimating to ₹4,900 Mn, which become due over the period of 36 months in monthly equated instalments effective January 1, 2019 on account of exit charges subject to fulfilment of certain periodic obligations given by the company and further extension of new or existing tenancies to the extent of future rental amounting to ₹3,960 Mn. Revenue from operations includes exit charges amounting to ₹1,010 Mn recognised during the year ended March 31, 2019.

51. The Board of Directors has declared an interim dividend of ₹ 7.50 per equity share in its meeting held on April 24, 2019 for financial year 2018-19.