Deloitte Haskins & Sells LLP

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INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF BHARTI TELEMEDIA LIMITED
Report on the Audit of Financial Statements

Opinion

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

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

Basis for Opinion

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

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

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

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

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

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

Management's Responsibility for the Financial Statements

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

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

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

Auditor's Responsibility for the Audit of the Financial Statements

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

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

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

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- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

Report on Other Legal and Regulatory Requirements

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

   a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

   b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

   c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Statement of Changes in Equity and the Statement of Cash Flows dealt with by this Report are in agreement with the relevant books of account.

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d) In our opinion, the aforesaid Financial Statements comply with the Ind AS specified under Section 133 of the Act.

e) On the basis of the written representations received from the directors as on March 31, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2019 from being appointed as a director in terms of Section 164(2) of the Act.

f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in **"Annexure A"**. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended,

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

h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:

   i. The Company has disclosed the impact of pending litigations on its financial position in its Financial Statements.

   ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

   iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in **"Annexure B"** a statement on the matters specified in paragraphs 3 and 4 of the Order.

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

Nilesh

Nilesh H. Lahoti
Partner
(Membership No. 130054)

Place: New Delhi

Date: May 29, 2019

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

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

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

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

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

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

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

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

Meaning of Internal Financial Controls Over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

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

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

Nilesh H. Lahoti
Partner
(Membership No. 130054)

Place: New Delhi

Date: May 29, 2019

Deloitte
Haskins & Sells LLP

ANNEXURE "B" TO THE INDEPENDENT AUDITOR'S REPORT

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

i. In respect of its fixed assets:

a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets with respect to most of its fixed assets.

b) The Company, except for customer premises equipment and viewing cards, has a program of verification of fixed assets to cover balance items in a phased manner over a period of three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the program, certain fixed assets, except for customer premises equipment and viewing cards, were physically verified by the Management during the year. Further, with respect to capital inventory lying at third parties/partner locations, where confirmations are received, the Company is in the process of further strengthening the reconciliation process for such capital inventories. According to the information and explanations given to us, no material discrepancies were noticed on such verification or reconciliation, as applicable.

c) According to the information and explanations given to us, there are no immovable properties included in property, plant and equipment of the Company and accordingly, the requirements under para 3(i) (c) of the Order are not applicable to the Company.

ii. The Company does not have any inventory and hence reporting under clause 3(ii) of the Order is not applicable.

iii. According to information and explanation given to us, the Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013.

iv. In our opinion and according to the information and explanations given to us, there are no loans, investments, guarantees, and securities granted in respect of which provisions of Section 185 and 186 of the Companies Act, 2013 are applicable.

v. According to the information and explanations given to us, the Company has not accepted deposits during the year and does not have any unclaimed deposits as at March 31, 2019 and therefore, the provisions of the clause 3 (v) of the Order are not applicable..

vi. The maintenance of cost records has been specified by the Central Government under section 148(1) of the Companies Act, 2013. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended prescribed by the Central Government under sub-section (1) of Section 148 of the Companies Act, 2013, and are of the opinion that, prima facie, the prescribed cost records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

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vii. According to the information and explanations given to us, in respect of statutory dues:

(a) The Company is regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income-tax, Goods and Services Tax, Customs Duty, cess and other material statutory dues applicable to it to the appropriate authorities.

(b) There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Goods and Services Tax, Customs Duty, cess and other material statutory dues in arrears as at March 31, 2019 for a period of more than six months from the date they became payable.

(c) Details of dues of Goods and Service Tax, Sales Tax and Service Tax which have not been deposited as on March 31, 2019 on account of disputes are given below:

Name of the Statutes	Nature of the Dues	Amount Disputed (in Rs. Million)	Period to Which it Relates	Forum where the dispute is pending
Andhra Pradesh VAT Act, 2005	Sales Tax	59	2008-16	Sales Tax appellate Tribunal
Andhra Pradesh VAT Act, 2005	Sales Tax	386	2009-17	High Court
Andhra Pradesh VAT Act, 2005	Sales Tax	0	2012-13	Commercial Tax Officer
Bihar VAT Act, 2005	Sales Tax	1	2014-15	Deputy Commissioner
Bihar VAT Act, 2005	Sales Tax	345	2011-17	Joint Commissioner (Appeals)
Delhi VAT Act, 2004	Sales Tax	278	2013-14	Assistant Commissioner
The Kerala VAT Act, 2003	Sales Tax	0	2011-12	Commercial Tax Officer
The Kerala VAT Act, 2003	Sales Tax	0	2012-13	Asst. Commissioner, Intelligence. Calicat
The Kerala VAT Act, 2003	Sales Tax	0	2012-13	Intelligence Inspector Squad No. I , Alappuzha
The Kerala VAT Act, 2003	Sales Tax	0	2013-17	Intelligence Officer
The Kerala VAT Act, 2003	Sales Tax	0	2014-15	Intelligence Inspector Squad No. VI , Nedumungad
The Kerala VAT Act, 2003	Sales Tax	0	2009-10	Asst. Commissioner, Special Circle - III, Ernakulum
The Kerala VAT Act, 2003	Sales Tax	0	2015-16	The Intelligence Inspector, Kunhipally
The Odisha VAT Act	Sales Tax	78	2012-14	High Court
Punjab VAT Act, 2005	Sales Tax	0	2011-12	Punjab VAT Tribunal
The Rajasthan VAT Act, 2003	Sales Tax	0	2015-17	Asst. Commissioner
The Tripura VAT Act, 2005	Sales Tax	51	2008-10	Supreme Court
The Tripura VAT Act, 2005	Sales Tax	43	2010-14	Commissioner
The Tripura VAT Act, 2005	Sales Tax	2	2014-17	Commissioner(Appeals)
The UP VAT Act	Sales Tax	99	2008-16	Additional Commissioner

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Maharashtra VAT Act	Sales Tax	151	2013-15	Deputy Commissioner(Appeals)
Sub Total (A)		**1,495**		
Goods and Services Tax Act, 2017	UPGST	0	2018-19	Assistant Commissioner
Sub Total (B)		**0**		
Finance Act, 1994 (Service tax provisions)	Service Tax	78	2008-12	Tribunal
Sub Total (C)		**78**		
Total		**1,573**		

The above mentioned figures represent the total disputed cases without any assessment of Probable, Possible and Remote, as done in case Contingent Liabilities. Of the above cases, total amount deposited in respect of Sales Tax is 480 Mn, Service Tax is 29 Mn and Goods & Services Tax Act, 2017 is 0* Mn.

* Amount less than million are appearing as '0'.

viii. In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to financial institutions, banks and government.

ix. During the current year, the Company has not raised moneys by way of initial public offer or further public offer (including debt instruments). In our opinion and according to the information and explanations given to us, the term loans have been applied by the Company during the year for the purposes for which they were raised, other than temporary deployment pending application of proceeds.

x. To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the year.

xi. In our opinion and according to the information and explanations given to us, the Company has paid / provided managerial remuneration in accordance with the provisions of section 197 of the Companies Act, 2013.

xii. The Company is not a Nidhi Company and hence reporting under clause 3 (xii) of the Order is not applicable.

xiii. In our opinion and according to the information and explanations given to us, the Company is in compliance with Section 177 and 188 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards.

xiv. During the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause 3 (xiv) of the Order is not applicable to the Company.

xv. In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or directors of its holding company, or persons connected with them and hence provisions of section 192 of the Companies Act, 2013 are not applicable.

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xvi. The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

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

Nilesh

Nilesh H. Lahoti
Partner
(Membership No. 130054)

Place: New Delhi

Date: May 29, 2019

Bharti Telemedia Limited

Ind AS Financial Statements

March 2019

Bharti Telemedia Limited

Ind AS Financial Statements – March 2019

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Independent Auditor's Report

Ind AS Financial Statements

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

	Notes	As of March 31, 2019	As of March 31, 2018
Assets			
Non-current assets			
Property, plant and equipment	6	19,569	19,127
Capital work-in-progress	6	2,502	2,543
Intangible assets	7	36	35
Financial assets			
- Security deposits & others	8	15	74
Income tax assets (net)		227	224
Deferred tax assets (net)	9	9,564	21
Other non-current assets	10	1,574	1,498
		33,487	**23,522**
Current assets			
Financial assets			
- Security deposits	8	4,250	-
- Trade receivables	11	395	738
- Cash and cash equivalents	12	27	27
- Other bank balances	12	123	258
- Others	13	14	28
Other current assets	10	2,722	1,787
		7,531	**2,838**
Total assets		**41,018**	**26,360**
Equity and liabilities			
Equity			
Share capital	14	5,102	5,102
Other equity		(16,596)	(30,097)
		(11,494)	**(24,995)**
Non-current liabilities			
Financial liabilities			
- Borrowings	16	11,734	14,467
Deferred revenue		939	1,805
Provisions	17	64	69
		12,737	**16,341**
Current liabilities			
Financial liabilities			
- Borrowings	16	2,708	2,007
- Current maturities of long-term borrowings	16	2,600	863
- Trade payables	18		
-total outstanding dues of micro enterprises and small enterprises		44	-
-total outstanding dues of creditors other than micro enterprises and small enterprises		21,281	17,779
- Others	19	1,821	2,224
Deferred revenue		5,378	6,853
Provisions	17	248	57
Current tax liabilities (net)		55	13
Other current liabilities	20	5,640	5,218
		39,775	**35,014**
Total liabilities		**52,512**	**51,355**
Total equity and liabilities		**41,018**	**26,360**

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

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

Nilesh H. Lahoti
Partner
Membership No: 130054

Place: **New Delhi**

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

Sunil Kumar Taldar
Managing Director & CEO
DIN: 03573298

Devendra Khanna
Director
DIN: 01996768

Abhishek Maheshwari
Chief Financial Officer

Pankaj Tewari
Company Secretary

Date: **May 29, 2019**

DELOITTE HASKINS & SELLS LLP Chartered Accountants

Bharti Telemedia Limited airtel

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

	Notes	For the year ended March 31, 2019	For the year ended March 31, 2018
Income			
Revenue from operations	22	41,001	37,570
Other income		45	41
		41,046	**37,611**
Expenses			
Content costs		14,727	13,361
License fee		4,105	3,779
Employee benefits expense	23	1,104	1,167
Sales and marketing expenses		1,328	1,267
Other expenses	24	4,098	3,814
		25,362	**23,388**
Profit from operating activities before depreciation and amortization		**15,684**	**14,223**
Depreciation and amortisation	25	8,274	8,916
Finance costs	26	2,393	2,526
Finance income	26	(14)	(48)
Profit before tax		**5,031**	**2,829**
Tax expense / (credit)			
Current tax	9	1,078	21
Deferred tax	9	(9,545)	(21)
Profit for the year		**13,498**	**2,829**
Other comprehensive income			
Items not to be reclassified to profit or loss:			
Re-measurement gains on defined benefit plans	23	5	3
Tax charge	9	(2)	0
Other comprehensive income for the year		**3**	**3**
Total comprehensive income for the year		**13,501**	**2,832**
Earnings per share (Face value: Rs. 10/- each)			
Basic and diluted	27	26.46	5.54

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

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

Nilesh H. Lahoti
Partner
Membership No: 130054

Place: **New Delhi**

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

Sunil Kumar Taldar
Managing Director & CEO
DIN: 03573298

Devendra Khanna
Director
DIN: 01996768

Abhishek Maheshwari
Chief Financial Officer

Pankaj Tewari
Company Secretary

Date: **May 29, 2019**

DELOITTE HASKINS & SELLS LLP Chartered Accountants

Bharti Telemedia Limited airtel

Bharti Telemedia Limited
Statement of Changes in Equity
(All amounts are in millions of Indian Rupee; unless stated otherwise)

	Share capital		Other equity - Reserves and Surplus			Total equity
	No of shares (In '000)	Amount	Additional capital contribution	Retained earnings	Total	
As of April 1, 2017	**510,200**	**5,102**	**10,617**	**(43,546)**	**(32,929)**	**(27,827)**
Profit for the year	-	-	-	2,829	2,829	2,829
Other comprehensive income	-	-	-	3	3	3
Total comprehensive income	-	-	-	**2,832**	**2,832**	**2,832**
As of March 31, 2018	**510,200**	**5,102**	**10,617**	**(40,714)**	**(30,097)**	**(24,995)**
Profit for the year	-	-	-	13,498	13,498	13,498
Other comprehensive income	-	-	-	3	3	3
Total comprehensive Income	-	-	-	**13,501**	**13,501**	**13,501**
As of March 31, 2019	**510,200**	**5,102**	**10,617**	**(27,213)**	**(16,596)**	**(11,494)**

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

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

Nilesh H. Lahoti
Partner
Membership No: 130054

Place: **New Delhi**

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

Sunil Kumar Taldar
Managing Director & CEO
DIN: 03573298

Devendra Khanna
Director
DIN: 01996768

Abhishek Maheshwari
Chief Financial Officer

Pankaj Tewari
Company Secretary

Date: **May 29, 2019**

Bharti Telemedia Limited
Statement of Cash Flows
(All amounts are in millions of Indian Rupee)

	For the year ended	
	March 31, 2019	**March 31, 2018**
Cash flows from operating activities		
Profit before tax	**5,031**	**2,829**
Adjustments for:		
Depreciation and amortisation	8,274	8,916
Finance costs	2,393	2,526
Finance income	(14)	(48)
Profit on sale of assets	0	14
Other non-cash items	(47)	5
Operating cash flow before changes in working capital	**15,637**	**14,242**
Changes in working capital		
Trade receivables	385	(362)
Trade payables	2,546	3,280
Provisions	191	33
Other financial and non-financial liabilities	(1,965)	867
Other financial and non-financial assets	(5,054)	(1,482)
Net cash generated from operations before tax	**11,740**	**16,578**
Income tax paid	(1,040)	(41)
Net cash generated from operating activities (a)	**10,700**	**16,537**
Cash flows from investing activities		
Purchase of property, plant and equipment	(9,028)	(9,715)
Proceeds from sale of property, plant and equipment	1	63
Purchase of intangible assets	(12)	(6)
Interest received	22	40
Net cash used in investing activities (b)	**(9,017)**	**(9,618)**
Cash flows from financing activities		
Proceeds from long term borrowings	2,700	1,500
Repayment of long term borrowings	(3,496)	(6,479)
Interest and other finance charges paid	(1,388)	(1,673)
Net cash used in financing activities (c)	**(2,184)**	**(6,652)**
Net (decrease) / increase in cash and cash equivalents during the year (a+b+c)	**(501)**	**267**
Add : Cash and cash equivalents as at the beginning of the year	(480)	(747)
Cash and cash equivalents as at the end of the year (refer note 12)	**(981)**	**(480)**

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

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

Nilesh H. Lahoti
Partner
Membership No: 130054

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

Sunil Kumar Taldar
Managing Director & CEO
DIN: 03573298

Devendra Khanna
Director
DIN: 01996768

Abhishek Maheshwari
Chief Financial Officer

Pankaj Tewari
Company Secretary

Place: **New Delhi**

Date: **May 29, 2019**

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1. Corporate information

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

The principal activities of the Company consist of setting up, operating and maintaining Direct-to-Home (DTH) Cable including digital and any other mode of interactive broadcasting service and of producing entertainment and news channels or personalised content for interactive broadcasting within India.

2. Summary of significant accounting policies

2.1 Basis of preparation

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

The financial statements are approved for issue by the Company's Board of Directors on May 29, 2019.

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

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

The preparation of the said financial statements requires the use of certain critical accounting estimates and judgements. It also requires the management to exercise judgement in the process of applying the Company's accounting policies. The areas where estimates are significant to the financial statements, or areas involving a higher degree of judgement or complexity, are disclosed in note 3.

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

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Basis of measurement

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

Fair value measurement

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

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

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

Level 1: Quoted (unadjusted) prices for identical assets or liabilities in active markets
Level 2: Significant inputs to the fair value measurement are directly or indirectly observable
Level 3: Significant inputs to the fair value measurement are unobservable

2.2 Foreign currency transactions

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

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

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

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functional currency using the exchange rate prevalent, at the date of initial recognition (in case they are measured at historical cost) or at the date when the fair value is determined (in case they are measured at fair value) – the resulting foreign exchange difference, on subsequent re-statement / settlement, recognised in the statement of profit and loss, except to the extent that it relates to items recognised in the other comprehensive income or directly in equity.

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

2.3 Current versus non-current classification

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

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

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

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

2.4 Property, plant and equipment ('PPE')

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

Where assets are installed on the premises of customers (commonly called Customer premise equipment – "CPE"), such assets continue to be treated as tangible assets as the associated risks and rewards remain with the Company and management is confident of exercising control over them.

Subsequent to initial recognition, PPE are stated at cost less accumulated depreciation and any impairment losses. When significant parts of PPE are required to be replaced at regular intervals, the Company recognises such parts as separate component of assets. When an item of PPE is replaced, then its carrying amount is de-recognised from the balance sheet and cost of the new item of PPE is recognised. Further, in case the

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replaced part was not being depreciated separately, the cost of the replacement is used as an indication to determine the cost of the replaced part at the time it was acquired.

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

Depreciation on PPE is computed using the straight-line method over the estimated useful lives. The Company has established the estimated range of useful lives for different categories of PPE as follows:

Categories	**Years**
Leasehold Improvement	Period of lease or 10 years, whichever is less
Plant and equipment	
- Customer Premises Equipment	5
- Others	2-10
Computer	3
Office equipment	2 - 5
Furniture and Fixtures	5
Vehicles	5

The useful lives, residual values and depreciation method of PPE are reviewed, and adjusted appropriately, at least as at each financial year end so as to ensure that the method and period of depreciation are consistent with the expected pattern of economic benefits from these assets. The effect of any change in the estimated useful lives, residual values and / or depreciation method are accounted prospectively, and accordingly the depreciation is calculated over the PPE's remaining revised useful life. The cost and the accumulated depreciation for PPE sold, scrapped, retired or otherwise disposed off are de-recognised from the balance sheet and the resulting gains / (losses) are included in the statement of profit and loss within other income / other expenses.

The management basis its past experience and technical assessment has estimated the useful life, which is at variance with the life prescribed in Part C of Schedule II of the Companies Act, 2013 and has accordingly, depreciated the assets over such useful life.

The cost of capital work-in-progress is presented separately in the balance sheet.

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2.5 Intangible assets

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

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

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

a. Software

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

b. Bandwidth

Bandwidth is amortised over the period of the agreement.

c. Licenses

DTH broadcasting services entry license fees has been initially capitalised at cost. Subsequently, it is measured at cost less accumulated amortisation and accumulated impairment loss, if any. Amortisation is recognised in the statement of profit and loss on a straight-line basis over the unexpired period of the license commencing from the date of grant of Wireless Planning and Coordination license.

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

d. Other acquired intangible assets

Payment for the rights acquired for unlimited license access to various applications are recognised as other acquired intangibles. They are capitalised at the amounts paid and amortised on a straight line basis over the period of the agreements.

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

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2.6 Impairment of non-financial assets

Property, plant and equipment and Intangible assets

PPE and intangible assets with definite lives, are reviewed for impairment, whenever events or changes in circumstances indicate that their carrying values may not be recoverable. For the purpose of impairment testing, the recoverable amount (that is, higher of the fair value less costs to sell and the value-in-use) is determined on an individual asset basis, unless the asset does not generate cash flows that are largely independent of those from other assets, in which case the recoverable amount is determined at the Cash-Generating-Unit ('CGU') level to which the said asset belongs. If such individual assets or CGU are considered to be impaired, the impairment to be recognised in the statement of profit and loss is measured by the amount by which the carrying value of the asset / CGU exceeds their estimated recoverable amount and allocated on pro-rata basis.

Reversal of impairment losses

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

2.7 Financial instruments

a. Recognition, classification and presentation

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

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

The Company classifies its financial assets in the following categories: a) those to be measured subsequently at fair value through profit or loss and b) those to be measured at amortised cost. The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

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

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

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b. Measurement - Non-derivative financial instruments

I. Initial measurement

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

II. Subsequent measurement - financial assets

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

i. Financial assets measured at amortised cost

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

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

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

Impairment

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

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

III. Subsequent measurement - financial liabilities

Any off-market financial guarantees are amortised over the life of the guarantee and are measured at each reporting date at the higher of (i) the remaining unamortised balance of the amount at initial recognition and (ii) the best estimate of expenditure required to settle the obligation at the end of the reporting period. Other financial liabilities are subsequently measured at amortised cost using the EIR method (if the impact of discounting / any transaction costs is significant).

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c. Derecognition

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

2.8 Leases

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

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

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

a. Company as a lessee

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

b. Company as a lessor

Assets leased to others under finance lease are recognized as receivables at an amount equal to the net investment in the leased assets. Finance lease income is allocated to periods so as to reflect a constant periodic rate of return on the net investment outstanding in respect of the finance lease.
Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised in statement of profit and loss on a straight-line basis over the lease term.

2.9 Taxes

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

a. Current tax

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

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

b. Deferred tax

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

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

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

Deferred tax is determined using tax rates (and laws) that have been enacted or substantively enacted at the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.
Income tax assets and liabilities are off-set against each other and the resultant net amount is presented in the balance sheet, if and only when, (a) the Company currently has a legally enforceable right to set-off the current income tax assets and liabilities, and (b) when it relate to income tax levied by the same taxation authority and where there is an intention to settle the current income tax balances on net basis.

2.10 Cash and cash equivalents

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

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2.11 Share capital

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

2.12 Employee benefits

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

a. Defined contribution plans

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

b. Defined benefit plans

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

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

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

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

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c. Other long-term employee benefits

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

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

2.13 Provisions

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

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

2.14 Contingencies

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

2.15 Revenue recognition

Revenue

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

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

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a. Service revenue

Subscription Revenue, net of taxes collected from the customer, are recognized over the estimated customer relationship period or subscription pack validity period, whichever is lower.

Customer Onboarding revenue and associated cost is recognized upon successful onboarding of customers i.e. upfront.

Revenues in excess of invoicing are classified as unbilled revenue while invoicing / collection in excess of revenue are classified as deferred revenue / advance from customers.

b. Multiple element arrangements

The Company has entered into certain multiple-element revenue arrangements which involve the performance of multiple services. At the inception of the arrangement, all the deliverables therein are evaluated to determine whether they represent distinct performance obligations. Total consideration related to the multiple element arrangements is allocated to each performance obligation based on their standalone selling prices.

2.16 Borrowing costs

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

2.17 Earnings per share ('EPS')

The Company presents the Basic and Diluted EPS data.

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

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

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3. Critical accounting estimates, assumptions and judgements

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

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

3.1 Critical accounting estimates and assumptions

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

a. Taxes

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

b. Allowance for impairment of trade receivables

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

c. Contingent liability & Provision

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

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

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

Ind AS 116, 'Leases'

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

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

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

- Ind AS 12 Appendix C, Uncertainty over Income Tax Treatments: According to the appendix, companies need to determine the probability of the relevant tax authority accepting each tax treatment, or group of tax treatments, that the companies have used or plan to use in their income tax filing which has to be considered to compute the most likely amount or the expected value of the tax treatment when determining taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates.
- Amendment to Ind AS 12 – Income taxes: The amendment clarifies that an entity shall recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity accordingly to where the entity originally recognised those past transactions or events.

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5. Segment reporting

Based on the way the entity manages its operating business and the manner in which resource allocation decisions are made, the entity has only one reportable segment for financial reporting purposes, being the digital TV services. Accordingly, no further operating segment financial information is disclosed.

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

6. Property, plant and equipment ('PPE')

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

	Plant and equipment	Furniture and fixtures	Vehicles	Office equipment	Computer	Leasehold improvements	Total
Gross carrying value							
As of April 1, 2017	**70,503**	**6**	**5**	**45**	**75**	**112**	**70,746**
Additions / capitalization	9,859	-	-	2	-	-	9,861
Disposals / adjustments	(3,779)	-	-	(1)	10	-	(3,770)
As of March 31, 2018	**76,583**	**6**	**5**	**46**	**85**	**112**	**76,837**
Additions / capitalization	8,611	-	-	3	93	-	8,707
Disposals / adjustments	(264)	(0)	-	(1)	(4)	-	(269)
As of March 31, 2019	**84,930**	**6**	**5**	**48**	**174**	**112**	**85,275**
Accumulated depreciation							
As of April 1, 2017	**52,338**	**6**	**5**	**44**	**75**	**112**	**52,580**
Charge for the year	8,849	-	-	2	-	-	8,851
Disposals / adjustment	(3,731)	-	-	0	10	-	(3,721)
As of March 31, 2018	**57,456**	**6**	**5**	**46**	**85**	**112**	**57,710**
Charge for the year	8,233	-	-	2	28	0	8,263
Disposals / adjustment	(264)	(0)	-	(0)	(4)	-	(268)
As of March 31, 2019	**65,425**	**6**	**5**	**48**	**109**	**112**	**65,706**
Net carrying amount							
As of March 31, 2018	19,127	-	-	-	-	-	19,127
As of March 31, 2019	19,505	-	-	-	65	-	19,569

The carrying value of capital work-in-progress as at March 31, 2019 and 2018 is Rs. 2,502 and Rs. 2,543 respectively, mainly pertains to plant and equipment.

Disposal / adjustments primarily represents write off of non- repairable equipment, non-recovery of CPE from churn customers and network equipment.

Plant and equipment includes gross block of Rs. 80,505 and Rs. 72,685 for March 31, 2019 and 2018, accumulated depreciation of Rs. 62,840 and Rs. 55,206 for March 31, 2019 and 2018 of set up boxes and other related equipment's installed at customer premise.

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

7. Intangible assets

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

	Software	Bandwith	Licenses	Other acquired intangible assets	Total
Gross carrying value					
As of April 1, 2017	606	41	100	67	814
Additions	6	-	-	-	6
As of March 31, 2018	612	41	100	67	820
Additions	12	-	-	-	12
As of March 31, 2019	624	41	100	67	832
Accumulated Amortisation					
As of April 1, 2017	536	23	95	66	720
Charge for the year	57	3	5	-	65
As of March 31, 2018	593	26	100	66	785
Charge for the year	8	3	-	-	11
As of March 31, 2019	601	29	100	66	796
Net Carrying Amount					
As of March 31, 2018	19	15	-	1	35
As of March 31, 2019	23	12	-	1	36

Weighted average remaining amortization period of licenses as of March 31, 2019 and March 31, 2018 is Nil and 0.2 years, respectively. The tenure of license was extended by ministry of information and broadcasting without any additional consideration.

8. Security deposits & Others

Non-Current

	As of	
	March 31, 2019	**March 31, 2018**
Security deposits - considered good *	14	73
Considered doubtful	2	2
Less: provision for doubtful deposits	(2)	(2)
Others	1	1
	15	**74**

*It mainly includes Security deposits given towards rented premises and other miscellaneous deposits, it also includes amount due from related party refer note 28.

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Current

	As of	
	March 31, 2019	March 31, 2018
Security deposits*	4,250	-
	4,250	-

*It mainly includes security deposit provided to one of the content provider.

9. Income taxes

	For the year ended	
	March 31, 2019	March 31, 2018
Current income tax		
- For the year	1,078	21
- Adjustments for prior periods	-	-
	1,078	21
Deferred tax		
- Origination and reversal of temporary differences	(652)	(21)
- Adjustments for prior periods	(8,893)	-
	(9,545)	(21)
Income tax credit	(8,467)	(0)
Statement of Other Comprehensive Income		
Deferred tax related to items charged or credited to Other Comprehensive Income during the year:		
- Re-measurement losses on defined benefit plans	(2)	0
Deferred Tax charged to Other Comprehensive Income	(2)	0

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

	For the year ended	
	March 31, 2019	March 31, 2018
Profit before tax	5,031	2,829
Tax expense @ 34.944% / 34.608%	1,758	979
Effect of:		
Losses and deductible temporary difference against which no deferred tax asset recognised	(1,350)	(979)
Items taxable / deductible	18	-
Adjustment in respect to deferred tax of previous years	(8,893)	
Income tax credit	(8,467)	(0)

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

	As of	
	March 31, 2019	**March 31, 2018**
Deferred tax asset / (liabilities)		
Provision for impairment of debtors / advances	94	-
Minimum Tax Credit	337	21
Employee benefits	40	-
Depreciation / amortisation on PPE / intangible assets	8,059	-
Others	1,034	-
Net deferred tax asset	**9,564**	**21**

	For the year ended	
	March 31, 2019	**March 31, 2018**
Deferred tax income / (expense)		
Provision for impairment of debtors / advances	94	-
Minimum Tax Credit	316	21
Employee benefits	42	-
Depreciation / amortisation on PPE / intangible assets	8,059	-
Others	1,034	-
Net deferred tax income	**9,545**	**21**

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

	As of	
	March 31, 2019	**March 31, 2018**
Opening balance	21	-
Tax credit / (expense) recognised in statement of profit or loss	9,545	21
Tax credit / (expense) recognised in OCI	(2)	
Closing balance	**9,564**	**21**

Deferred tax assets are recognized to the extent it is probable that taxable profit will be available against which the deductible temporary differences, carry forward of unabsorbed depreciation and unused tax losses can be utilized. Accordingly, during the year ended March 31, 2019, the Company has recognised deferred tax asset amounting to Rs. 9,545 as it is probable that taxable profit will be available based on expected future sustained business performance, assessment of industry factors and consistent profits in previous periods.

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10. Other non-financial assets

Non-current

	As of	
	March 31, 2019	March 31, 2018
Restricted assets*	1,569	1,498
Capital advances	5	-
	1,574	**1,498**

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

Current

	As of	
	March 31, 2019	March 31, 2018
Taxes recoverable@	2,276	1,420
Prepaid expenses	359	325
Advances to suppliers(net)*	13	37
Others #	74	5
	2,722	**1,787**

@ Taxes recoverable include Goods and Service tax ('GST') and customs duty.

* Advance to suppliers are disclosed net of provisions of Rs. 86 and Rs. 94 as of March 31, 2019 and March 31, 2018 respectively.

mainly include employee receivables.

11. Trade receivables

	As of	
	March 31, 2019	March 31, 2018
Trade receivables - unsecured*	574	959
Less: Allowances for doubtful receivables	(179)	(221)
	395	**738**

* It includes amount due from related parties (refer note 28).

Refer note 29 (iv) for credit risk

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The movement in allowances for doubtful debts is as follows

Allowance for Doubtful Debts

	As of	
	March 31, 2019	**March 31, 2018**
Opening balance	221	188
Additions	130	149
Write off (net of recovery)	(172)	(116)
Closing balance	**179**	**221**

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

	As of	
	March 31, 2019	**March 31, 2018**
Balances with banks		
- On current accounts	27	27
	27	**27**

Other bank balances

	As of	
	March 31, 2019	**March 31, 2018**
Term deposits with bank	14	121
Margin money deposit*	112	148
	126	**269**
Interest accrued but not due (refer note 13)	(3)	(11)
	123	**258**

For the purpose of the cash flow statement, Cash and cash equivalents comprise of following:-

	As of	
	March 31, 2019	**March 31, 2018**
Cash and cash equivalents as per balance sheet	27	27
Bank overdraft (refer note 16)	(1,008)	(507)
	(981)	**(480)**

*Margin money deposits represents amount given as collateral for legal cases and / or bank guarantees for disputed matters.

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13. Financial assets – Others

Current

	As of	
	March 31, 2019	**March 31, 2018**
Unbilled revenue	7	16
Interest accrued on investments	3	11
Claims recoverable	4	1
	14	**28**

14. Share capital

	As of	
	March 31, 2019	**March 31, 2018**
Authorised shares		
520,000,000 (March 31, 2018- 520,000,000) equity shares of Rs 10 each	5,200	5,200
Issued, Subscribed and fully paid-up shares		
510,200,000 equity shares of ₹10 each	5,102	5,102
	5,102	**5,102**

a. Terms / rights attached to equity shares

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

b. Details of shareholders (as per the register of shareholders) holding more than 5% shares in the Company

	As of			
	March 31, 2019		**March 31, 2018**	
	No. of shares in '000	**% holding**	**No. of shares in '000**	**% holding**
Equity shares of Rs 10 each fully paid up				
Bharti Airtel Limited	260,202	51.00%	260,202	51.00%
Nettle Infrastructure Investments Limited	147,958	29.00%	224,488	44.00%
Lion Meadow Investment Limited	102,040	20.00%	-	-

During the year ended March 31, 2019, the existing shareholder have diluted their 20% stake to Lion Meadow Investment Limited.

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15. Reserve and surplus

a) **Retained earnings:** Retained earnings represent the amount of accumulated earnings of the Company and re-measurement differences on defined benefit plans.

b) **Addition capital contribution:** Additional capital contribution represents the fair valuation impact of the off-market loans provided by the parent company.

16. Borrowings

Non-current

	As of	
	March 31, 2019	**March 31, 2018**
Unsecured		
Term loans#	14,356	15,356
	14,356	**15,356**
Less: Interest accured but not due (refer note 19)	(22)	(26)
Less: Current portion	(2,600)	(863)
	11,734	**14,467**

includes re-borrowable term loans of Rs. 3,847 and Rs. 3,331 as of March 31, 2019 and March 31, 2018 respectively which have daily prepayment flexibility.

Current

	As of	
	March 31, 2019	**March 31, 2018**
Unsecured		
Term loans	1,705	1,501
Bank overdraft	1,008	507
	2,713	**2,008**
Less: Interest accrued but not due (refer note 19)	(5)	(1)
	2,708	**2,007**

16.1 Analysis of borrowings

The details given below are gross of debt origination cost.

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16.1.1 Repayment terms of borrowings

The table below summarizes the details of the Company's borrowings based on contractual undiscounted payments.

	As of March 31 , 2019					
	Interest rate (range)	Frequency of installments	Number of installments outstanding per facility (range)*	Within one year	Between one and two years	Between two and five years
Term loans	8.59% - 9.45%	One time	1-1	1,700	-	-
	8.35% - 8.80%	Half yearly	7-9	2,600	2,913	8,821
Bank overdraft	8.65%	Payable on demand	NA	1,008	-	-
				5,308	2,913	8,821

	As of March 31 , 2018					
	Interest rate (range)	Frequency of installments	Number of installments outstanding per facility (range)*	Within one year	Between one and two years	Between two and five years
Term loans	8.00%	One time	1	1,500	-	-
	7.85% - 8.40%	Half yearly	3-9	863	2,725	11,743
Bank overdraft	8.65%	Payable on demand	NA	507	-	-
				2,870	2,725	11,743

*The installments amount due are equal / equated per se.

16.1.2 Interest rate and currency of borrowings

	Weighted average rate of Interest	Total borrowings (Floating Rated)
INR	8.71%	17,042
March 31, 2019		**17,042**
INR	8.19%	17,338
March 31, 2018		**17,338**

16.1.3 Unused line of credit *

	As of March 31, 2019	As of March 31, 2018
Unsecured	4,997	7,763

* Excluding non-fund based facilities.

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17. Provisions

Non-current

	As of	
	March 31, 2019	March 31, 2018
Gratuity	58	64
Other employee benefit plans	6	5
	64	**69**

Current

	March 31, 2019	March 31, 2018
Gratuity	17	17
Other employee benefit plans	36	40
Others*	195	-
	248	**57**

* Others includes provision for warranty.

Refer note 23 for movement of provision towards employee benefits.

The movement of provision towards subjudice matters is as below:

	For the year ended	
	March 31, 2019	March 31, 2018
Opening balance	21,250	18,715
Net additions	2,690	2,535
	23,940	**21,250**

The said provision has been disclosed under:

	As of	
	March 31, 2019	March 31, 2018
Other non-financial assets - non-current (refer note 10)	5,803	5,784
Other non-financial liabilities - current (refer note 20)	4,106	4,002
Trade payables (refer note 18)	14,031	11,464
	23,940	**21,250**

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18. Trade payables

	As of March 31, 2019	As of March 31, 2018
Due to micro and small enterprises	44	-
Others*	21,281	17,779
	21,325	**17,779**

* It includes amount due to related parties (refer note 28) and provision towards sub judice matters (refer note 17).

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

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

Sr No	Particulars	March 31, 2019	March 31, 2018
1	Principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year	44	-
2	Amount of interest paid by the buyer in terms of section 16 of the MSMED ACT 2006, along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year	7	55
3	Amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under MSMED ACT 2006.	-	-
4	Amount of interest accrued and remaining unpaid at the end of each accounting year;	0	0
5	Amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED ACT 2006.	-	-

19. Financial liabilities - Others

Current	As of March 31, 2019	As of March 31, 2018
Payables against capital expenditure	1,211	1,570
Employee payables	104	110
Interest accrued but not due	29	27
Security deposit *	470	511
Others#	7	6
	1,821	**2,224**

* It pertains to deposits received from channel partners which are repayable on demand after adjusting the outstanding amount, if any.

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#Others' mainly includes payable on account of PF and ESI.

20. Other non-financial liabilities

Current

	As of March 31, 2019	As of March 31, 2018
Taxes payable*	5,640	5,218
	5,640	**5,218**

*Taxes payable mainly pertains to Goods & services Tax and also includes provision towards sub judice matters (refer note 17).

21. Contingent liabilities and commitments

(i) Contingent liabilities

Claims against the Company not acknowledged as debt

	As of March 31, 2019	As of March 31, 2018
Taxes, duties and other demands		
(under adjudication / appeal / dispute)		
-VAT / Sales tax / Service tax	1,573	1,488
-Entry tax	524	573
-Entertainment tax	3,471	2,782
-Other miscellaneous demands	7	85
	5,575	**4,928**

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

a) VAT / Sales tax / Service tax

The Department has raised the demand order treating the installation of customer premise equipment for provision of DTH services as sale transaction.

b) Entry tax

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

During the year ended March 31, 2017, the Hon'ble Supreme Court of India upheld the constitutional validity of entry tax levied by few States. However, Supreme Court did not conclude certain aspects such as present levies in each State is discriminatory in nature or not, leaving them open to be decided by regular benches of the Courts. Pending disposition by the regular benches, the Company has decided to maintain status-quo on its position and hence continued to disclose it as contingent liability.

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c) Entertainment tax

The contingent liability for entertainment tax comprised of cases for levying entertainment tax on activation charges and interest on disputed dues. The Company has filed appeal against the orders.

d) Others miscellaneous demands

Others mainly include disputes with broadcasters and disputes before consumer forum. The Company has received claims from certain broadcasters towards additional consideration for channels provided to the Company. The Company has disputed the claim on the basis of its reliance on tariff order issued by regulatory authority in this regard.

Guarantees

Guarantees outstanding as of March 31, 2019 and March 31, 2018 amounting to Rs. 1519 and Rs. 1,149 respectively have been issued by banks and financial institutions on behalf of the Company. These guarantees include certain financial bank guarantees which have been given for subjudice matters and in compliance with licensing conditions, the amount with respect to these have been disclosed under capital commitments, contingencies and liabilities, as applicable, in compliance with the applicable accounting standards.

(ii) Commitments

The company has contractual commitments towards capital expenditure (net of related advances) of Rs. 5,859 and Rs. 3,445 as of March 31, 2019 and March 31, 2018 respectively.

Lease commitments

a) Operating Lease

The future minimum lease payments obligations are as follows: -

As lessee

	As of	
	March 31, 2019	**March 31, 2018**
Obligations on non-cancellable leases:		
Not later than one year	1,393	952
Later than one year but not later than five years	587	65
Later than five years	-	-
	1,980	**1,017**
Lease rentals	1,410	1,256
Lease equalisation adjustments	-	0

The above future minimum lease payments are mainly related to rented property and for use of space provided by government and there is no escalation clause in any agreement, includes option of renewal also.

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22. Revenue from operations

	For the year ended	
	March 31, 2019	March 31, 2018
Subscription revenue	35,065	32,575
Others	5,936	4,995
	41,001	**37,570**

Disaggregation of Revenue

Revenue is disaggregated by timing of revenue recognition. For disaggregation by geographical market, refer note 5:

Timing of Revenue Recognition	Digital TV Services	
	March 31, 2019	March 31, 2018
Services transferred at a point in time	1,232	121
Services transferred over time	39,769	37,449
	41,001	**37,570**

Contract Balances

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

	As of	
	March 31, 2019	March 31, 2018
Unbilled Revenue	7	16
Deffered Revenue	6,317	8,658

Significant changes in the unbilled revenue and deferred revenue balances during the period are as follows:

	For the year ended March 31, 2019	
	Unbilled Revenue	Deferred Revenue
Revenue recognised that was included in deferred revenue at the beginning of the year	-	6,853
Increases due to cash received, excluding amounts recognised as revenue during the year	-	4,512
Transfers from unbilled revenue recognised at the beginning of the year to receivables	16	-

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23. Employee benefits expense

	For the year ended	
	March 31, 2019	March 31, 2018
Salaries, wages and bonus	957	1,015
Contribution to provident and other funds	53	50
Staff welfare expenses	42	41
Defined benefit plan / other long term benefits	26	32
Others	26	29
	1,104	**1,167**

a. Defined benefit plan

The details of defined benefit obligations are as follows:

	For the year ended			
	March 31, 2019		March 31, 2018	
	Gratuity	Compensated absence	Gratuity	Compensated absence
Obligation:				
Balance at the beginning of the year	81	40	59	35
Current service cost	13	9	15	10
Interest cost	6	3	4	3
Benefits paid	(28)	(12)	(15)	(9)
Transfers	8	3	21	9
Remeasurements	(5)	(7)	(3)	(8)
Present value of obligation	**75**	**36**	**81**	**40**
Current portion	17	36	17	40
Non-Current portion	58	-	64	-

The expected contribution for the year ended March 31, 2019 and 2018 for Gratuity plan is Rs. 20 and Rs. 22 respectively.

Amount recognized in other comprehensive income

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

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.

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

	As of	
	March 31, 2019	March 31, 2018
Discount rate	7.65%	7.85%
Rate of salary increase	7%	9%
Rate of attrition	21% - 36%	21% - 24%
Retirement age	58	58

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

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

		For the year ended			
		March 31, 2019		March 31, 2018	
	Change in assumption	Gratuity	Compensated absence	Gratuity	Compensated absence
Discount rate	+1%	(3)	(2)	(3)	(2)
	-1%	3	2	3	2
Salary growth rate	+1%	3	2	3	2
	-1%	(3)	(2)	(3)	(2)

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

The table below summarizes the maturity profile and duration of the gratuity liability:

	As of	
	March 31, 2019	March 31, 2018
Within one year	17	17
Within one - three years	24	26
Within three - five years	14	15
Above five years	21	23
Weighted average duration (in years)	3.82	3.81

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24. Other expenses

	For the year ended	
	March 31, 2019	March 31, 2018
Customer care expenses	1,107	897
IT expenses	198	183
Rates, fees and taxes	36	197
Collection and recovery charges	139	162
Communication, space segment and other charges	2,131	2,011
Travelling and conveyance	126	132
Provision for doubtful debts	(42)	33
Administrative expense	291	159
Charity and donation#	37	5
Others*	75	35
	4,098	3,814

As per the requirements of section 135 of the Companies Act, 2013, the Company was required to spend an amount of Rs. 37 and Rs. 6 for the year ended March 31, 2019 and 2018 on corporate social responsibility expenditure. During the year ended March 31, 2019 and 2018, the Company has spent in cash an amount of Rs. 37 and Rs. 5 towards education and sanitation respectively.

* Others mainly include legal and professional charges, Rent and provision for stock.

25. Depreciation and amortization

	For the year ended	
	March 31, 2019	March 31, 2018
Depreciation	8,263	8,851
Amortisation	11	65
	8,274	8,916

Depreciation includes net book value of customer premise equipment relating to churn customers fully charged during the year Rs. 2,733 (March 31, 2018- Rs 1,696).

26. Finance costs and income

	For the year ended	
	March 31, 2019	March 31, 2018
Finance costs		
Interest expenses	1,056	1,060
Other finance charges*	1,337	1,466
	2,393	2,526
Finance income		
Interest income on deposits	9	13
Interest income on others	-	14
Net exchange gain	5	21
	14	48

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

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27. Earnings per share

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

	For the year ended	
	March 31, 2019	March 31, 2018
Weighted average shares outstanding ('000) for basic / diluted EPS	510,200	510,200
Profit for the year	**13,498**	**2,829**

28. Related Party disclosure

i. **Parent company**
Bharti Airtel Limited

ii. **Ultimate controlling entity (w.e.f. November 3, 2017)**
Bharti Enterprises (Holding) Private Limited. It is held by private trusts of Bharti family, with Mr. Sunil Bharti Mittal's family trust effectively controlling the said company.

iii. **Entity having significant influence over the company**
Nettle infrastructure investments Limited

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

a. **Fellow Subsidiaries**

Bharti Airtel Services Limited
Bharti Infratel Limited
Bharti Hexacom Limited
Airtel Payment Bank Limited (ceased to be subsidiary w.e.f. from October 25, 2018)
Bharti Airtel (USA) Limited
Telesonic Networks Limited
Nxtra Data Limited

Wynk Limited
Indo Teleports limited

b. **Other related parties ***

Beetel Teletech Limited
Bharti Realty limited
Bharti Realty Holdings limited
Bharti Foundation
Fieldfresh Foods Private Limited
Centum Learning Limited
Bharti Axa General Insurance Company Limited
Bharti Axa Life Insurance Company Limited
Bharti Enterprises limited
Gourment Investments Private Limited

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

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v. Key management personnel ('KMP')

Sunil Kumar Taldar

The outstanding balances are as follows:

	Parent company	Fellow subsidiaries	Other related parties
As of March 31, 2019			
Trade payables	(328)	(82)	(16)
Trade receivables *	-	20	73
Borrowings (including accrued interest)	(200)	-	-
Guarantees and collaterals taken on behalf of others (Including Performance guarantees)	54	-	-
As of March 31, 2018			
Trade payables	(211)	(17)	(0)
Trade receivables *	12	10	67

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

* Trade Receivable includes security deposit also.

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

	For the year ended					
	March 31, 2019			March 31, 2018		
	Parent company	Fellow subsidiaries	Other related parties	Parent company	Fellow subsidiaries	Other related parties
Rendering of Services	45	694	-	38	31	5
Receiving of services	230	91	109	124	89	85
Expenses incurred on behalf of others	629	9	47	57	4	-
Expenses incurred on behalf of the Company	22	-	-	564	5	37
Donation	-	-	37	-	-	-
Guarantees and collaterals taken on behalf of others (Including Performance guarantees)	54	-	-	-	-	-
LoanTaken	200	-	-	-	-	-

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The significant related party transactions are summarized below:

	March 31, 2019	March 31, 2018
Receiving of services		
Fellow subsidiaries		
Nxtra Data Limited	71	51
Other related parties		
Bharti Realty Limited	89	70
Rendering of services		
Fellow subsidiaries		
Wynk Limited	673	0

KMP are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any director, whether executive or otherwise. Remuneration to key management personnel were as follows:

	For the year ended	
	March 31, 2019	March 31, 2018
Short-term employee benefits	23	32
Performance linked incentive ('PLI')#	10	10
Post-employment benefit	2	2
	35	44

Value of PLI considered above represents incentive at 100% performance level. However, same will be paid on the basis of actual performance parameters in next year. During the year ended March 31, 2019, PLI of Rs. 11 (March 31, 2018: Rs 3) pertaining to previous year has been paid.

As the liabilities for the gratuity and compensated absences are provided on an actuarial basis, and calculated for the Company as a whole rather than each of the individual employees, the said liabilities pertaining specifically to KMP are not known and hence, not included in the above table.

29. Financial and capital risk

1. Financial risk

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

The financial risk management for the Company is driven by the Company's senior management ('CSM'), in close co-ordination with the internal / external experts subject to necessary supervision. The Company does not undertake any speculative transactions either through derivatives or otherwise. The CSM are accountable

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to the Board of Directors and Audit Committee. They ensure that the Company's financial risk-taking activities are governed by appropriate financial risk governance frame work, policies and procedures. The BOD of the Company periodically reviews the exposures to financial risks, and the measures taken for risk mitigation and the results thereof.

(i) Foreign currency risk

Foreign exchange risk arises on all recognized monetary assets and liabilities, and any highly probable forecasted transactions, which are denominated in a currency other than the functional currency of the Company. Foreign exchange exposure mainly arises from trade payables and equipment supply payables denominated in foreign currencies.

Foreign currency sensitivity

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

	Change in currency exchange rate	Effect on profit before tax	Effect on equity (OCI)
For the year ended March 31, 2019			
US Dollars	+5%	(22)	-
	-5%	22	-
For the year ended March 31, 2018			
US Dollars	+5%	(33)	-
	-5%	33	-

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

The above sensitivity analysis is based on a reasonably possible change in the under-lying foreign currency against the respective functional currency while assuming all other variables to be constant.
Based on the movements in the foreign exchange rates historically and the prevailing market conditions as at the reporting date, the Company's management has concluded that the above mentioned rates used for sensitivity are reasonable benchmarks.

(ii) Interest rate risk

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

Borrowings

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

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

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

Interest rate sensitivity of borrowings

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

Interest rate sensitivity	Increase / decrease in basis points	Effect on profit before tax
For the year ended March 31, 2019		
INR - borrowings	+100	(170)
	-100	170
For the year ended March 31, 2018		
INR - borrowings	+100	(173)
	-100	173

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

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

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

(iii) Price risk

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

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(iv) Credit risk

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

The Company is exposed to credit risk mainly with respect to trade receivables and derivative financial instruments.

Trade receivables

The Trade receivables of the Company are typically non-interest bearing un-secured and derived from sales made to a large number of independent customers. As the customer base is widely distributed both economically and geographically, there is no concentration of credit risk.

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

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

	Neither past due nor impaired (excluding unbilled)	Past due but not impaired				Total
		Less Than 30 days	30 to 60 days	60 to 90 days	Above 90 days	
Trade Receivables as of March 31, 2019	-	296	69	-	30	395
Trade Receivables as of March 31, 2018	-	461	131	59	87	738

Financial instruments and cash deposits

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

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(v) Liquidity risk

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

Moreover, the Company's senior management regularly monitors the rolling forecasts of the entities' liquidity reserve (comprising of the amount of available un-drawn credit facilities and Cash and cash equivalents) and the related requirements, to ensure they have sufficient cash on an on-going basis to meet operational needs while maintaining sufficient headroom at all times on its available un-drawn committed credit facilities, so that there is no breach of borrowing limits or relevant covenants on any of its borrowings. For details as to the Borrowings, refer note 16.

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

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

	As of March 31, 2019						
	Carrying amount	On Demand	Less than 6 months	6 to 12 months	1 to 2 years	> 2 years	Total
Borrowings * #	17,071	1,008	3,539	1,691	3,592	9,445	19,275
Other financial liabilities #	1,792	468	1,324	-	-	-	1,792
Trade payables	21,325	-	21,325	-	-	-	21,325
Financial liabilities	**40,188**	**1,476**	**26,188**	**1,691**	**3,592**	**9,445**	**42,392**

	As of March 31, 2018						
	Carrying amount	On Demand	Less than 6 months	6 to 12 months	1 to 2 years	> 2 years	Total
Borrowings* #	17,365	507	2,177	1,482	3,912	14,001	22,079
Other financial liabilities #	2,297	-	2,013	184	100	-	2,297
Trade payables	17,779	-	17,779	-	-	-	17,779
Financial liabilities	**37,441**	**507**	**21,969**	**1,666**	**4,012**	**14,001**	**42,155**

* It includes contractual interest payment based on interest rate prevailing at the end of the reporting period.

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

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(vi) Reconciliation to liabilities whose cash flow movements are disclosed as part of financing activities.

			Non Cash Changes	
	April 1,2018	Cash Flows	Interest Expenses	March 31,2019
Borrowings	16,830	(796)	-	16,034
Interest accrued but not due	27	(1,388)	1,390	29

2. **Capital Risk**

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

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

The Company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. Net debt is calculated as loans and borrowings less cash and cash equivalents.

	As of	
	March 31, 2019	March 31, 2018
Borrowings	17,042	17,337
Less: Cash and cash equivalents	27	27
Less: Term deposits with bank	14	121
Net debt	**17,001**	**17,189**
Equity	(11,494)	(24,995)
Total capital	**(11,494)**	**(24,995)**
Capital and net debt	**5,507**	**(7,806)**
Gearing ratio	**309%**	**-220%**

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

30. Fair value of financial assets and liabilities

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

	Level	Carrying Value as of		Fair Value as of	
		March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
Financial Assets					
Amortised cost					
Trade receivables		395	738	395	738
Cash and cash equivalents		27	27	27	27
Other Bank Balances		123	258	123	258
Other financial assets	Level 2	4,279	102	4,279	102
		4,824	**1,125**	**4,824**	**1,125**
Financial liabilities					
Amortised cost					
Borrowings - Floating rate		17,042	17,337	17,042	17,337
Trade payables		21,325	17,779	21,325	17,779
Other financial liabilities	Level 2	1,821	2,224	1,821	2,224
		40,188	**37,340**	**40,188**	**37,340**

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

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

ii. The fair value of non-current financial assets / liabilities is estimated by discounting future cash flows using current rates applicable to instruments with similar terms, currency, credit risk and remaining maturities.

The following table describes the key inputs used in the valuation (basis discounted cash flow technique) of Level 2 financial assets / liabilities as of March 31, 2019 and March 31, 2018:

Financial assets / liablities	**Inputs used**
-Other financial assets / other financial liablilities	**Prevailing interest rates in market, future payouts, interest rates**

During the year ended March 31, 2019 and 2018, there were no transfers between Level 1 and Level 2 fair value measurements. None of the financial assets and financial liabilities are in Level 3.

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31. Auditor's remuneration

	For the year ended	
	March 31, 2019	March 31, 2018
Audit fee*	4	2
Reimbursement of expenses	0	0
	4	2

*excluding Service tax / Goods and service tax

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Bharti Telemedia Limited
airtel