SMARTX SERVICES LIMITED

Ind AS Financial Statements

For the year ended March 31, 2019

SMARTX SERVICES LIMITED New Delhi

Smartx Services Limited
Balance Sheet as at March 31, 2019
(Amounts in thousands of Indian Rupees)

Particulars	Note	As at March 31, 2019	As at March 31, 2018
Assets			
Non-current assets			
Property, plant and equipment	5	47,633	30,533
Capital work-in-progress		139,985	105,325
Intangible assets	5	24,836	26,236
Financial assets			
Other financial assets	6	5,844	25
Deferred tax asset (net)	7	9,200	-
Income Tax Assets (net)		1,398	-
		228,896	**162,119**
Current assets			
Financial assets			
Trade receivables	8	55,637	1,183
Cash and cash equivalents	9	57	1,868
Other financial assets	6	3,928	30,255
Other current assets	10	36,654	30,769
		96,276	**64,075**
Total assets		**325,172**	**226,194**
Equity and liabilities			
Equity			
Equity share capital	11	30,000	30,000
Other equity		(20,683)	5,486
		9,317	**35,486**
Non-current liabilities			
Financial liabilities			
Borrowings	12	291,045	121,000
Deferred tax liability	7	-	116
		291,045	**121,116**
Current liabilities			
Financial liabilities			
Trade payables	13		
-Total outstanding dues of micro enterprises and small enterprises		-	-
-Total outstanding dues to creditors other than micro enterprises and small enterprises		15,240	17,231
Other financial liabilities	14	5,486	50,694
Other current liabilities	15	4,080	314
Current tax liability (net)		4	1,353
		24,810	**69,592**
Total liabilities		**315,855**	**190,708**
Total equity and liabilities		**325,172**	**226,194**

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

For Deloitte Haskins & Sells LLP
Chartered Accountants
Firm registration number: 117366W/ W-100018

Vijay Agarwal
Partner
Membership No:094468

Place: New Delhi
Date: April 24, 2019

DELOITTE HASKINS & SELLS LLP
Chartered Accountants

For and on behalf of the Board of Directors of Smartx Services Limited

D S Rawat
Whole time Director & CEO

S. Balasubramanian
Whole time Director & CFO

Samridhi Rodhe
Company Secretary

Smartx Services Limited
Statement of Profit and Loss for the year ended March 31, 2019.
(Amounts in thousands of Indian Rupees, except per share data and as stated otherwise.)

Particulars	Notes	Year Ended March 31, 2019	Year ended March 31, 2018
Income			
Revenue from operations	16	52,718	31,866
Other income	17	331	1,482
Total income		**53,049**	**33,348**
Expenses			
Power and fuel	18	8,849	4,247
Rent	19	25,075	12,764
Repairs and maintenance	20	32	63
License fees	21	6,744	3,328
Other expenses	22	26,022	1,114
Total expenses		**66,722**	**21,516**
Profit/(Loss) before depreciation and amortisation, finance costs/(income) and tax		**(13,673)**	**11,832**
Depreciation and amortisation expense	23	21,286	4,714
Finance Costs	24	187	20
Finance Income	24	(2)	(1)
Profit/(Loss) before tax		**(35,144)**	**7,099**
Income tax expense:		**(8,975)**	**1,622**
Current tax	7	341	1,308
Deferred tax	7	(9,316)	314
Profit/(Loss) for the year		**(26,169)**	**5,477**
Other comprehensive income for the year		-	-
Total comprehensive income/(loss)		**(26,169)**	**5,477**
Earnings/(Loss) per share (Nominal Value of share ₹ 10 each)	25		
Basic		(8.723)	1.826
Diluted		(8.723)	1.826

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

For Deloitte Haskins & Sells LLP
Chartered Accountants
Firm registration number: 117366W/ W-100018

Vijay Agarwal

DELOITTE HASKINS & SELLS LLP
Chartered Accountants

Vijay Agarwal
Partner
Membership No:094468

Place: New Delhi
Date: April 24, 2019

For and on behalf of the Board of Directors of Smartx Services Limited

D S Rawat
Whole time Director & CEO

S. Balasubramanian
Whole time Director & CFO

Samridhi

Samridhi Rodhe
Company Secretary

Smartx Services Limited
Statement of Changes in Equity as at March 31, 2019
(Amounts in thousands of Indian Rupees, except per share data and as stated otherwise.)

A. Equity Share Capital

Particulars	Number of shares	₹ in Thousand
As at April 1, 2017	**3,000,000**	**30,000**
As at March 31, 2018	**3,000,000**	**30,000**
As at April 1, 2018	**3,000,000**	**30,000**
As at March 31, 2019	**3,000,000**	**30,000**

B. Other Equity

Particulars	Retained Earnings	Total Equity
As at April 1, 2017	**9**	**9**
Profit for the year	5,477	5,477
Total comprehensive income	5,477	5,477
As at March 31, 2018	**5,486**	**5,486**
As at April 1, 2018	**5,486**	**5,486**
Profit/(Loss) for the year	(26,169)	(26,169)
Total comprehensive income/(loss)	(26,169)	(26,169)
As at March 31, 2019	**(20,683)**	**(20,683)**

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

For Deloitte Haskins & Sells LLP
Chartered Accountants
Firm registration number: 117366W/ W-100018

Vijay Agarwal
Partner
Membership No: 094468

DELOITTE HASKINS & SELLS LLP
Chartered Accountants

Place: New Delhi
Date: April 24, 2019

For and on behalf of the Board of Directors of Smartx Services Limited

D S Rawat
Whole time Director & CEO

S. Balasubramanian
Whole time Director & CFO

Samridhi Rodhe
CompanySecretary

Smartx Services Limited
Statement of Cash Flows for the year ended March 31, 2019.
(Amounts in thousands of Indian Rupees)

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Cash flows from operating activities		
Profit before taxation	(35,144)	7,099
Adjustments for -		
Depreciation and amortization expense	21,286	4,714
Finance income	(2)	(1)
Exchange loss on Capital Creditors	360	-
Provision for other financial assets	12,457	728
Operating profit/(loss) before changes in assets and liabilities	**(1,043)**	**12,540**
Changes in trade receivables	(67,641)	(1,183)
Changes in trade payables	(1,990)	16,725
Changes in other current liabilities	3,766	289
Changes in other financial Liabilities- current	(43,059)	-
Changes in other financial assets- current	27,058	(30,982)
Changes in other long term financial assets	(5,819)	-
Changes in other current assets	(5,885)	(21,803)
Cash generated from operations	**(94,613)**	**(24,414)**
Income tax paid (net of refunds)	(3,088)	(132)
Net cash flow from/(used in) operating activities (A)	**(97,701)**	**(24,546)**
Cash flows from investing activities		
Purchase of property, plant & equipment	(37,639)	-
Capital work-in-progress	(37,169)	(97,456)
Sale proceeds of property plant and equipment	653	-
Net cash flow from/(used in) investing activities (B)	**(74,155)**	**(97,456)**
Cash flows from financing activities		
Proceeds from loan	170,045	121,000
Net cash flow from/(used in) financing activities (C)	**170,045**	**121,000**
Net increase/(decrease) in cash and cash equivalents during the year (A+B+C)	**(1,811)**	**(1,002)**
Cash and cash equivalents at the beginning of the year	1,868	2,870
Cash and cash equivalents at the end of the year (refer note 9)	**57**	**1,868**

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

For Deloitte Haskins & Sells LLP
Chartered Accountants
Firm registration number: 117366W/ W-100018

Vijay Agarwal
Partner
Membership No: 094468

For and on behalf of the Board of Directors of Smartx Services Limited

D S Rawat
Whole time Director & CEO

S. Balasubramanian
Whole time Director & CFO

Samridhi Rodhe
Company Secretary

Place: New Delhi
Date: April 24, 2019

1. Corporate Information

Smartx Services Limited ('the Company' or 'Smartx') was incorporated on September 21, 2015 as wholly owned subsidiary of Bharti Infratel Limited with the object of transmission through Optic Fibre Cables and setting up Wi-Fi hotspots for providing services to telecom operators and others on sharing basis. The Registered office of the Company is situated at Bharti Crescent, 1, Nelson Mandela Road, Vasant Kunj, Phase – II, New Delhi – 110070. The ultimate controlling entity of the company is Bharti Enterprises (Holding) Private Limited.

During the previous financial year, Company has commenced the business by leasing in Building Solutions (IBS) sites to telecom operators.
The financial statements are approved for issuance by the Company's Board of Directors on April 24, 2019.

2. Basis of preparation

The financial statements ("financial statements") have been prepared to comply in all material aspects with the Indian Accounting Standard (Ind AS) notified under section 133 of the Companies Act, 2013, read together with its rules and as amended by the Ministry of Corporate Affairs ('MCA') from time to time.

The financial statements have been prepared under historical cost convention on accrual and going concern basis, except for the certain financial instruments which have been measured at fair value as required by relevant Ind ASs.

Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

All the amounts included in the financial statements are reported in thousands of Indian Rupees ('Rupees' or '₹'), and are rounded to the nearest thousands' except per share data and unless stated otherwise.

3. Significant accounting policies

a) Property, Plant and Equipment

Property, plant and equipment including Capital work in progress is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the property, plant and equipment and borrowing costs for long term construction projects if the recognition criteria are met. When significant parts of property, plant and equipment are required to be replaced in intervals, the Company recognizes such parts as separate component of assets with specific useful lives and provides depreciation over their useful life.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repair and maintenance costs are recognised in the Statement of Profit and Loss as incurred.

The present value of the expected cost for the decommissioning of the asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the Statement of Profit and Loss when the asset is derecognised.

Assets are depreciated to the residual values on a straight-line basis over the estimated useful lives. Estimated useful lives of the assets are as follows:

DELOITTE HASKINS & SELLS LLP
Chartered Accountants

Useful lives
Plant & Machinery - 3 to 20 Years

The existing useful lives of tangible assets are different from the useful lives as prescribed under Part C of Schedule II to the Companies Act, 2013 and the Company believes that this is the best estimate on the basis of technical evaluation and actual usage period.

The existing realizable values of tangible assets are different from 5% as prescribed under Part C of Schedule II to the Companies Act, 2013 and the Company believes that this is the best estimate on the basis of actual realization.

The assets' residual values and useful lives are reviewed at each financial year end or whenever there are indicators for impairment, and adjusted prospectively.

b) Intangible Assets

Intangible assets are recognized when the entity controls the asset, it is probable that future economic benefits attributed to the asset will flow to the entity and the cost of the asset can be reliably measured.

At initial recognition, the separately acquired intangible assets are recognised at cost. Intangible assets with finite useful lives are carried at cost less accumulated amortisation and accumulated impairment losses, if any.

Intangible assets are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset are reviewed at least at the end of each financial year. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets is recognised in the statement of profit and loss unless such expenditure forms part of carrying value of another asset.

Acquired telecom license is initially recognised at cost and subsequently measured at cost less accumulated amortisation and impairment losses, if any. Amortisation is recognised over the unexpired period of license.

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

c) Impairment of non-financial assets

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. Impairment losses, if any, are recognized in Statement of Profit and Loss as a component of depreciation and amortisation expense.
A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited to the extent the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation or amortisation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognized in the Statement of profit and loss when the asset is carried at the revalued amount, in which case the reverse is treated as a revaluation increase.

DELOITTE HASKINS & SELLS LLP
Chartered Accountants

d) Current versus non-current classification

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification. An asset is treated as current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The Company has identified twelve months as its operating cycle.

e) Leases

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

Company as a Lessee

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

Finance leases are capitalized at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the Statement of Profit and Loss, unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with the policy on the borrowing costs.

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

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

Company as a Lessor

Leases are classified as finance leases when substantially all of the risks and rewards of ownership transfer from the Company to the lessee. Amounts due from lessees under finance leases are recorded as receivables at the Company's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the net investment outstanding in respect of the lease.

Leases where the Company does not transfer substantially all the risks and rewards incidental to ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as rental income.

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

f) Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value. Bank overdrafts, if any that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose of the Statement of Cash Flows.

g) Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial Assets

Initial Recognition and Measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

Subsequent Measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Debt instruments at amortised cost
- Debt instruments at fair value through other comprehensive income (FVTOCI)
- Debt instruments, derivatives and equity instruments at fair value through Profit or Loss (FVTPL)
- Equity instruments measured at fair value through other comprehensive income (FVTOCI)

Debt Instruments at Amortised Cost

This category applies to the Company's trade receivables, unbilled revenue etc.
A 'debt instrument' is measured at the amortised cost if both the following conditions are met:

a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows and

b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the Statement of Profit and Loss. The losses arising from impairment are recognised in the Statement of Profit and Loss.

DELOITTE HASKINS & SELLS LLP
Chartered Accountants

Debt instrument at fair value through other comprehensive income (FVTOCI)

A 'debt instrument' is classified at FVTOCI if both of the following criteria are met:

a) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and

b) The asset's contractual cash flows represent SPPI.

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income (OCI). However, the Company recognizes interest income, impairment losses & reversals in the Statement of Profit and Loss. On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from the equity to Statement of Profit and Loss.

Interest earned whilst holding FVTOCI debt instrument is reported as interest income.

The Company do not have any item under this category

Debt instrument at fair value through profit or loss (FVTPL)

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization at amortized cost or at FVTOCI, is classified at FVTPL.

Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the Statement of Profit and Loss. The Company do not have any item under this category

In addition, the Company may elect to designate a debt instrument, which otherwise meets amortized cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch'). The Company has not designated any debt instrument at FVTPL.

Equity investments

All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading and contingent consideration recognised by an acquirer in a business combination, if any to which Ind AS 103 applies are classified as at fair value through Profit or loss. Further, there are no such equity investments measured at fair value through profit or loss or fair value through other comprehensive income in the company.

De-recognition:- A financial asset (or, where applicable, a part of a financial asset) is primarily derecognised (i.e. removed from the Company's balance sheet) when:

a) The contractual rights to receive cash flows from the asset have expired, or

b) The Company has transferred its contractual rights to receive cash flows from the financial asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Impairment of Financial Assets

In accordance with Ind AS 109, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the Financial assets that are debt instruments and are initially measured at fair value with subsequent measurement at amortised cost e.g. Trade receivables, unbilled revenue etc.

The Company follows 'simplified approach' for recognition of impairment loss allowance for trade receivables.

DELOITTE HASKINS & SELLS LLP
Chartered Accountants

The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

For recognition of impairment loss on other financial assets and risk exposure, the Company determines whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, twelve month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in the subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on a twelve month ECL.

ECL is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the entity expects to receive (i.e., all cash shortfalls), discounted at the original EIR.

Financial Liabilities

Initial Recognition and Measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings or payables, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Company's financial liabilities include trade and other payables, etc.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss (FVTPL)

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risk are recognized in OCI. These gains/ loss are not subsequently transferred to Statement of Profit and Loss. However, the Company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the Statement of Profit or Loss.

Financial Liabilities at Amortised cost

This category includes trade payables, creditor for capital expenditure etc After initial recognition, such liabilities are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in Statement of Profit and Loss when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the Statement of Profit and Loss.

De-recognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the Statement of Profit and Loss.

DELOITTE HASKINS & SELLS LLP Chartered Accountants

Reclassification of Financial Assets

The Company determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be infrequent. The Company's senior management determines change in the business model as a result of external or internal changes which are significant to the Company's operations. Such changes are evident to external parties. A change in the business model occurs when the Company either begins or ceases to perform an activity that is significant to its operations. If the Company reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The Company does not restate any previously recognised gains, losses (including impairment gains or losses) or interest.

Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

h) Revenue Recognition

The Company earns revenue primarily from leasing of In Building Solutions (IBS) by way of rental revenue and energy revenue by the provision of energy for operation of sites.

Effective April 1, 2018, the Company has applied Ind AS 115 "Revenue from Contracts with Customers" which establishes a comprehensive framework to depict timing and amount of revenue to be recognised. The Company has adopted Ind AS 115 using cumulative effect method, where any effect arising upon application of this standard is recognised as at the date of initial application (i.e April 1, 2018). The standard is applied retrospectively only to contracts that are not completed as at the date of initial application and the comparative information in the statement of profit and loss is not restated – i.e. the comparative information continues to be reported under previous standards on revenue i.e Ind AS 18 and Ind AS 11. There was no impact on adoption of Ind AS 115 to the financial statements of the Company.

Revenue is recognised when the Company satisfies a performance obligation by transferring a promised services to the customer. Services are considered performed when the customer obtains control, whereby the customer gets the ability to direct the use of such services and substantially obtains all benefits from the services. When there is uncertainty as to measurement or ultimate collectability, revenue recognition is postponed until such uncertainty is resolved.

In order to determine, if it is acting as principal or as an agent, the entity shall determine whether the nature of its promise is a performance obligation to provide the specified services itself (i.e. the entity is a principal) or to arrange for those services to be provided by the other party (i.e. the entity is an agent) for all its revenue arrangements.

Service revenue

Service revenue includes rental revenue for use of sites and energy revenue for the provision of energy for operation sites.

Rental revenue is recognized as and when services are rendered on a monthly basis as per the contractual terms prescribed under master service agreement entered with customer. The Company has ascertained that the lease payment received are structured to increase in line with expected general inflationary increase in cost and therefore not straight lined.

Energy revenue is recognized over the period on a monthly basis upon satisfaction of performance obligation as per contracts with the customers. The transaction price is the consideration received from customers based on prices agreed as per the contract with the customers. The determination of standalone selling prices is not required as the transaction prices are stated in the contract based on the identified performance obligation.

Unbilled revenue represents revenues recognized after the last invoice raised to customer to the period end. These are billed in subsequent periods based on the prices specified in the master service agreement with the customers, whereas

DELOITTE HASKINS & SELLS LLP
Chartered Accountants

invoicing in excess of revenues are classified as unearned revenues. The Company collects GST on behalf of the government and therefore, it is not an economic benefit flowing to the Company, hence it is excluded from revenue.

i) Finance Income

Finance income comprises interest income on funds invested that are recognised in Statement of Profit and loss. Interest income is recognised as it accrues in Statement of profit and loss, using the effective interest rate (EIR) which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset.

Finance income does not include interest on income tax refund etc. which is included in other income.

j) Taxes

Current tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, by the reporting date.

Current income tax relating to items recognized directly in equity is recognized in equity and not in the statement of profit and loss. The Company periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

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

Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. The unrecognised deferred tax assets / carrying amount of deferred tax assets are reviewed at each reporting date for recoverability and adjusted appropriately.

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

Deferred tax assets and liabilities are off-set against each other and the resultant net amount is presented in the balance sheet, if and only when, (a) the Company currently has a legally enforceable right to set-off the current income tax assets and liabilities, and (b) when it relates to income tax levied by the same taxation authority.

k) Provision

a) General

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

When the Company expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the Statement of Profit and Loss, net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. The unwinding of discount if any, is recognised in the Statement of Profit and Loss as a finance cost.

DELOITTE HASKINS & SELLS LLP
Chartered Accountants

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources would be required to settle the obligation, the provision is reversed.

b) Contingent Assets/ Liabilities

Contingent assets are not recognised. However, when realisation of income is virtually certain, then the related asset is no longer a contingent asset, and is recognised as an asset.

Contingent liabilities are disclosed in notes to accounts when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount cannot be made.

l) Earnings/(Loss) Per Share

Basic EPS is calculated by dividing the profit/(loss) for the period attributable to ordinary equity shareholders of the Company by the weighted average number of Equity shares outstanding during the period.

Diluted EPS is calculated by dividing the profit/(loss) attributable to ordinary equity shareholders of the Company by the weighted average number of Equity shares outstanding during the period plus the weighted average number of Equity shares that would be issued on conversion of all the dilutive potential Equity shares into Equity shares.

m) Fair Value Measurement

The Company measures financial instruments at fair value at each reporting date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company.
The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1- Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
- Level 3- Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs)

DELOITTE HASKINS & SELLS LLP
Chartered Accountants

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

This note summarises accounting policy for fair value measurement. Other fair value related disclosures are given in the relevant notes.

n) Foreign Currency

Functional and presentation currency

The Company's financial statements are presented in INR, which is also the Company's functional currency. Presentation currency is the currency in which the company's financial statements are presented. Functional currency is the currency of the primary economic environment in which an entity operates and is normally the currency in which the entity primarily generates and expends cash. All the financial information presented in Indian Rupees (INR) has been rounded to the nearest of thousands rupees, except where otherwise stated.

Transactions and Balances

Transactions in foreign currencies are initially recorded by the Company at the functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Differences arising on settlement or translation of monetary items are recognised in Statement of Profit or Loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

o) Significant accounting judgements, estimates and assumptions

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company has based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

DELOITTE HASKINS & SELLS LLP
Chartered Accountants

(Amounts in thousands of Indian Rupees)

a) Property, plant and equipment

Refer Note 3(a) for the estimated useful life of Property, plant and equipment.

The estimates and assumptions made to determine the carrying value and related depreciation of property, plant and equipment are critical to the Company's financial position and performance.

The charge in respect of periodic depreciation is derived after determining an estimate of an asset's expected useful life and the expected residual value at the end of its life. Increasing an asset's expected life or its residual value would result in a reduced depreciation charge in the Statement of Profit and Loss.

The useful lives and residual values of Company assets are determined by management at the time the asset is acquired and reviewed periodically. The lives are based on historical experience with similar assets as well as anticipation of future events which may impact their life, such as changes in technology.

Further, with effect from July 1, 2018, the Company has reassessed the residual value of batteries, diesel generators and infrastructure towers as 35%, 20% and 5% respectively.

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

Particulars	Year ending March 31, 2019	After March 31, 2019
Decrease in Depreciation	463	313

b) Allowance of doubtful trade receivable

The expected credit loss is mainly based on the ageing of the receivable balances and historical experience. Based on the industry practices and the business environment in which the entity operates, management considers that the trade receivables are credit impaired if the payment are more than 90 days past due. The receivables are assessed on an individual basis or grouped into homogeneous groups and assessed for impairment collectively, depending on their significance. Moreover, trade receivables are written off on a case-to-case basis if deemed not to be collectible on the assessment of the underlying facts and circumstances.

DELOITTE HASKINS & SELLS LLP
Chartered Accountants

4. Recent accounting pronouncement issued but not yet effective upto the date of issuance of financial statements

Ind AS 116, Leases

Ministry of Corporate Affairs has notified new standard on leases i.e Ind AS 116 vide notification dated 30th March 2019, which is applicable for the accounting period beginning from 1st April 2019. For lessees, the standard eliminates the classification of leases as either operating or finance, as required by Ind AS 17, and instead introduces a single lease accounting model. Applying that model a lessee is required to recognize, (a) assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value and (b) depreciation of leased assets separately from interest on lease liabilities in the income statement. Lessor Accounting under Ind AS 116 will not be having any transitional impact on initial recognition. Under Ind AS 17, the company was charging lease rental in statement of Profit and loss with impact in EBITDA which will be charged as depreciation and finance cost under Ind AS 116. A lessor shall recognise lease payments from leases as income on either straight-line or another systematic basis. The standard permits two possible methods of transition:

• Full retrospective - Retrospectively to each prior period presented applying Ind AS 8 Accounting Policies, Changes in Accounting Estimates and Errors

• Modified retrospective - Retrospectively, with the cumulative effect of initially applying the Standard recognized at the date of initial application.

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

• Its carrying amount as if the standard had been applied since the commencement date, but discounted at lessee's incremental borrowing rate at the date of initial application or

• An amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments related to that lease recognized under Ind AS 17 immediately before the date of initial application.

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

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

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

DELOITTE HASKINS & SELLS LLP
Chartered Accountants

(Amounts in thousands of Indian Rupees)

5. Property, plant and equipment and intangible asset

Particulars	Plant and equipment	Total Tangible assets	License Fee	Total Intangible assets
Cost				
As at April 01, 2017	-	-	**28,000**	**28,000**
Additions	33,859	33,859	-	-
Disposals/Adjustment	-	-	-	-
As at March 31, 2018	**33,859**	**33,859**	**28,000**	**28,000**
Additions	37,639	37,639	-	-
Disposals/Adjustment	(773)	(773)	-	-
As at Macrh 31, 2019	**70,725**	**70,725**	**28,000**	**28,000**
Accumulated Depreciation/ Amortisation				
As at April 01, 2017	-	-	**376**	**376**
Charge for the year	3,326	3,326	1,388	1,388
Disposals/Adjustment	-	-	-	-
As at March 31, 2018	**3,326**	**3,326**	**1,764**	**1,764**
Charge for the period	19,886	19,886	1,400	1,400
Disposals/Adjustment	(120)	(120)	-	-
As at Macrh 31, 2019	**23,092**	**23,092**	**3,164**	**3,164**
Net block				
As at March 31, 2018	**30,533**	**30,533**	**26,236**	**26,236**
As at Macrh 31, 2019	**47,633**	**47,633**	**24,836**	**24,836**

6. Other financial assets

a. Non Current

	As at March 31, 2019	As at March 31, 2018
Security Deposit	5,819	-
Fixed deposits for more than one year	25	25
	5,844	**25**

b. Current

	As at March 31, 2019	As at March 31, 2018
Unbilled revenue	3,925	30,254
Interest accrued on deposits	3	1
	3,928	**30,255**

DELOITTE HASKINS & SELLS LLP
Chartered Accountants

(Amounts in thousands of Indian Rupees)

7. Taxes

a) Income tax expense

The component of income tax expense are:

i. Profit and Loss

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Current tax	341	1,308
Deferred tax	(9,316)	314
Income tax expense	**(8,975)**	**1,622**

b) Reconciliation of effective tax rate:

A reconciliation of the income tax provision to the amount computed by applying the statutory income tax rate to profit before tax is summarized below:

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Profit before tax	(35,144)	7099
Enacted tax rate in India	26.00%	25.75%
Computed tax expense	**(9,137)**	**1,828**
Increase/(reduction) in taxes on account of:		
Adjustment in respect to current income tax of previous years	341	(45)
Adjustment in respect to deferred tax of previous years	(227)	(245)
Tax effect due to change in rate	-	81
Others	48	3
Income tax expense recorded in the statement of profit and loss	**(8,975)**	**1,622**

The applicable Indian statutory tax rate for financial year 2018-19 and 2017-18 is 26.00% and 25.75% respectively.

c) Deferred tax liabilities/(assets)

Significant components of deferred tax assets/(liabilities) recognized in the financial statements are as follows:

Particulars	As at March 31, 2019	As at March 31, 2018
Deferred tax Assets/ liabilities (net)	(9,200)	1,469
MAT credit entitlement	-	(1,353)
Net deferred tax liability/ (assets)	**(9,200)**	**116**

DELOITTE HASKINS & SELLS LLP
Chartered Accountants

(Amounts in thousands of Indian Rupees)

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

Particulars	As at March 31, 2019	As at March 31, 2018
Deferred tax assets		
Expenses allowed as deduction u/s 35D of Income tax act	91	226
Expenses allowed as deduction u/s 35AAB of Income tax act	6,552	-
Unabsorbed Depreciation	2,227	316
Mat Credit Entitlement	-	1,353
Brought Forward Losses	702	-
Foreign Exchange Reinstatement	96	2
Provision for doubtful debts and advance	3,428	189
Total deferred tax assets	**13,096**	**2,086**
Deferred tax liability		
Property, plant and equipment & intangible asset	3,425	2,202
Foreign Exchange Fluctuation	471	-
Total deferred tax liability	**3,896**	**2,202**
Net deferred tax asset/(liabilities)	**9,200**	**(116)**

Deferred tax assets and deferred tax liabilities have been offset wherever the Company has a legally enforceable right to set off current tax assets against current tax liabilities and where the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority.

The Reconciliation of net deferred tax asset/liability is follows:

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Opening balance	116	(198)
Tax expense recognised in statement of Profit and loss during the year	(9,316)	314
Closing balance	**(9,200)**	**116**

Movement in MAT credit entitlement:

Particulars	As at March 31, 2019	As at March 31, 2018
Balance at the beginning of year	1,353	-
Add: MAT credit entitlement recognised/utlised during the year	(1,353)	1,353
	-	**1,353**

DELOITTE HASKINS & SELLS LLP
Chartered Accountants

(Amounts in thousands of Indian Rupees)

8. Trade and other receivables

	As at March 31, 2019	As at March 31, 2018
Trade receivable		
Considered good-Secured	-	-
Considered good-Unsecured	68,822	1,183
Significant changes in credit risk	-	-
Credit Impaired	-	-
Less Provision for Doubtful Debts	(13,185)	-
	55,637	**1,183**

Represents receivables from related parties amounting to ₹54,811 thousands (March 31, 2018 - ₹ 1,183 thousands), respectively. For details, refer note 29. Trade receivables are non-interest bearing and due after 15 days from the date of invoice.

9. Cash and cash equivalents

	As at March 31, 2019	As at March 31, 2018
Balances with banks		
- in current accounts	57	1,868
	57	**1,868**

10. Other current assets

	As at March 31, 2019	As at March 31, 2018
Advance to suppliers	725	2,336
Other taxes recoverable	35,627	28,423
Prepaid Expenses	302	-
Others	-	10
	36,654	**30,769**

DELOITTE HASKINS & SELLS LLP
Chartered Accountants

(Amounts in thousands of Indian Rupees)

11. Share capital

a. Equity share capital

	As at March 31, 2019	As at March 31, 2018
Authorised shares		
5,000,000 equity shares of ₹ 10 each (5,000,000 equity shares as at March 31, 2018)	50,000	50,000
Issued, subscribed and fully paid up shares		
3,000,000 equity shares of ₹ 10 each fully paid-up (3,000,000 equity shares as at March 31, 2018)	30,000	30,000
	30,000	30,000

b. Terms/ rights attached to equity shares:

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

c. Shares held by Parent Company:

	As at March 31, 2019		As at March 31, 2018	
	No.	₹ thousand	No.	₹ thousand
Equity shares of ₹ 10 each fully paid				
Bharti Infratel Limited	3,000,000	30,000	3,000,000	30,000

12. Borrowings

	As at March 31, 2019	As at March 31, 2018
Unsecured		
Loan from parent company	291,045	121,000
	291,045	**121,000**

The above is interest free unsecured loan repayable within 90 days from the date of demand.

13. Trade payables

a) Trade payable includes 8,094 thousands (March 31, 2018 – 17,123 thousands) payable to Parent Company. For detail refer note 29.

b) There are no outstanding dues to Micro and small enterprises as at March 31, 2019 and March 31, 2018 as per MSMED Act, 2006. Hence required disclosures as per said Act is not applicable.

DELOITTE HASKINS & SELLS LLP
Chartered Accountants

(Amounts in thousands of Indian Rupees)

14. Other financial liabilities

	As at March 31, 2019	As at March 31, 2018
Creditors for capital expenditure	3	42,824
Equipment supply payables	5,361	7,870
License Fees payable to DOT	122	-
	5,486	**50,694**

15. Other current liabilities

	As at March 31, 2019	As at March 31, 2018
Accrued expenses	1,256	118
Other taxes payable	2,824	196
	4,080	**314**

16. Revenue from operations

	Year Ended March 31, 2019	Year ended March 31, 2018
Sale of services		
Rent	44,123	27,621
Energy	8,595	4,245
	52,718	**31,866**

17. Other income

	Year Ended March 31, 2019	Year ended March 31, 2018
Exchange gain on foreign currency	331	1,482
	331	**1,482**

DELOITTE HASKINS & SELLS LLP
Chartered Accountants

(Amounts in thousands of Indian Rupees)

18. Power and fuel

	Year Ended March 31, 2019	Year ended March 31, 2018
Network	8,849	4,247
	8,849	**4,247**

19. Rent

	Year Ended March 31, 2019	Year ended March 31, 2018
Network	25,075	12,764
	25,075	**12,764**

20. Repairs and maintenance

	Year Ended March 31, 2019	Year ended March 31, 2018
Repair and maintenance		
- Plant and Machinery	32	63
	32	**63**

21. License fees

The Company has acquired unified license (UL) with authorization under ISP 'A' and NLD on December 27, 2016. In terms of the license agreement No. 20-529/2016 AS-I dated 27th December, 2016 signed between the Company and the Department of Telecommunications ("DoT") in respect of UL license, the Company is required to pay license fee on quarterly basis on Adjusted Gross Revenue (AGR) computed as per the provisions of the said agreement. During the year, the Company has deposited license fee with DoT amounting to ₹ 4,244 thousands for ISP'A' and ₹ 2,500 thousands for NLD.

DELOITTE HASKINS & SELLS LLP
Chartered Accountants

(Amounts in thousands of Indian Rupees)

22. Other expenses

	Year Ended March 31, 2019	Year ended March 31, 2018
Communication costs	12,683	-
Legal and professional	309	132
Provision for doubtful debts and advances (net)	12,457	728
Management fees	50	50
Exchange Fluctuation loss	360	9
Bank charges	163	185
Miscellaneous expenses		
- Others	-	10
	26,022	**1,114**

Payment to auditors (net of GST)

	Year Ended March 31, 2019	Year ended March 31, 2018
Audit fee	50	50
Reimbursement of expenses	4	4
Other Services	200	50
	254	**104**

23. Depreciation and amortization expense

	Year Ended March 31, 2019	Year ended March 31, 2018
Depreciation of tangible assets	19,886	3,326
Amortization of intangible assets	1,400	1,388
	21,286	**4,714**

DELOITTE HASKINS & SELLS LLP
Chartered Accountants

(Amounts in thousands of Indian Rupees)

24. Finance costs and income

Finance Income & Costs

	Year Ended March 31, 2019	Year ended March 31, 2018
Finance costs		
Interest expense	187	20
	187	**20**
Finance Income		
Interest on bank deposit	2	1
	2	**1**

25. Earnings/ (Loss) per share

	Year ended March 31, 2019	Year ended March 31, 2018
Nominal value of equity shares (₹)	10	10
Profit attributable to equity shareholders for computing Basic and Dilutive EPS (A) (₹ thousands)	(26,169)	5,477
Weighted average number of equity shares outstanding during the year for computing Basic EPS (B)	3,000,000	3,000,000
Dilutive effect on weighted average number of equity shares outstanding during the year	-	-
Weighted average number of equity shares and equity equivalent shares for computing Diluted EPS (C)	3,000,000	3,000,000
Basic earnings/ (loss) per share (A/B) (₹)	**(8.723)**	**1.826**
Diluted earnings/ (loss) per share (A/C) (₹)	**(8.723)**	**1.826**

26. Contingencies

a) Guarantees

The financial bank guarantees have been issued to regulatory authorities.

	As at March 31, 2019	As at March 31, 2018
Guarantees issued by banks and financials institutions on behalf of the Company	51,000	51,000
Total	**51,000**	**51,000**

DELOITTE HASKINS & SELLS LLP Chartered Accountants

(Amounts in thousands of Indian Rupees)

b) Contingent Liabilities

There are no contingent liabilities as at March 31, 2019 except shown above.

27. Capital Commitments

	As at March 31, 2019	As at March 31, 2018
Estimated amount of contracts to be executed on capital account and not provided for in the financial statements (net of capital advances)	52,749	50,547
Total	**52,749**	**50,547**

28. Fair Value of Financial Assets and Liabilities

Set out below is the comparison by class of the carrying amounts and fair value of the Company's financial instruments that are recognised in the financial statements.

Particulars	Carrying Amount		Fair Value	
	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
Financial Assets				
- At amortised cost				
Trade receivables	55,637	1,183	55,637	1,183
Cash and cash equivalent	57	1,868	57	1,868
Other financial assets	9,772	30,280	9,772	30,280
	65,466	**33,331**	**65,466**	**33,331**
Financial Liabilities				
- At amortised cost				
Borrowings	291,045	121,000	291,045	121,000
Other financial liabilities	5,486	50,694	5,486	50,694
Trade payables	15,240	17,231	15,240	17,231
	311,771	**188,925**	**311,771**	**188,925**

DELOITTE HASKINS & SELLS LLP
Chartered Accountants

(Amounts in thousands of Indian Rupees)

29. Related Party Disclosures

In accordance with the requirements of Ind AS-24 "Related Party Disclosures", the names of the related parties where control exists and/ or with whom transactions have taken place during the period and description of relationships, as identified and certified by the management are as below:

A. List of related parties

1. Key management personnel (KMP)

D.S. Rawat, Whole time Director & CEO

Pankaj Miglani, Whole-time Director & CFO (till September 21, 2018)

S. Balasubramanian, Whole-time Director & CFO (w.e.f September 21, 2018)

Samridhi Rodhe, Company Secretary (w.e.f. January 17, 2018)

2. Related parties where control exists irrespective of whether transactions have occurred or not

Ultimate controlling entities

Bharti Enterprises (Holding) Private Limited (w.e.f. November 3, 2017)

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

Bharti Airtel Limited

Parent Company

Bharti Infratel Limited

B. Related Party Transactions during the year:

Related party transactions represent transactions entered into by the Company with ultimate controlling entity and parent Company. The transactions with these related parties for year ended March 31, 2019 and March 31, 2018 and balances as at March 31, 2019 and March 31, 2018 are described below:

Particulars	Year Ended March 31, 2019	Year Ended March 31, 2018	Year Ended March 31, 2019	Year Ended March 31, 2018
Nature of transaction	**Ultimate Controlling Entity***		**Parent Company**	
Revenue from operations	32,191	16,903	-	-
Repayment of liability	-	-	-	401
Reimbursement of expenses	-	-	7,968	26,089
Borrowings	-	-	170,045	121,000
Purchase of fixed assets	-	-	6,933	33,859
Procurement of Services	4,589	-	8,094	-
Management Fees	-	-	50	50
	36,780	**16,903**	**193,090**	**181,399**

DELOITTE HASKINS & SELLS LLP Chartered Accountants

(Amounts in thousands of Indian Rupees)

Particulars	As at March 31, 2019	As at March 31, 2018	As at March 31, 2019	As at March 31, 2018
	Ultimate Controlling Entity*		Parent Company	
Other financial assets	1,704	15,859	-	-
Trade Receivable	54,811	1,183	-	-
Trade payable	350	-	8,094	17,123
Other financial liabilities	-	-	-	42,824
Borrowings	-	-	291,045	121,000
Total	56,865	17,042	299,139	180,947

* The transactions are incurred with Bharti Airtel Limited.

30. Leases

(a) Operating lease: Company as a lessee

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

Particulars	Year Ended March 31, 2019	Year Ended March 31, 2018
Lease rental charged to statement of profit and loss	25,075	12,764
Obligation on non-cancellable lease:		
Not Later than one year	29,594	12,515
Later than one year but not later than five years	141,690	33,335
Later than five years	34,955	20,873
	206,239	66,723

(b) Operating lease: Company as a lessor

The Company has given sites on operating lease to telecom operators. As per the agreements with the operators the escalation is applied at different rates as per the terms of the agreement. The service charges recognized as income during the year for non- cancellable arrangements relating to provision for leasing of In-Building Lease solutions as per the agreements is ₹ 44,123 thousands for year ended March 31, 2019.

Particulars	Year Ended March 31, 2019	Year Ended March 31, 2018
Future minimum lease payment receivable:		
Not Later than one year	50,727	29,148
Later than one year but not later than five years	160,714	97,624
Later than five years	53,693	42,251
	265,134	169,023

DELOITTE HASKINS & SELLS LLP
Chartered Accountants

31. The Company is engaged in the business of providing in Building Solutions (IBS) sites on leasing to telecom operators. This is the only activity performed by the company and hence there are no components of the Company that may be identified as a reportable segment. Further, as the Company does not operate in more than one geographical segment, the relevant disclosures as per Ind AS 108 - operating segments are not applicable to the Company.

32. The Parent Company (Concessionaire) had entered into a service concession agreement as a lead member with Bhopal Smart City Development Corporation Limited (BSCDL/ grantor) along with other consortium members for implementation and maintenance of "Bhopal Smart City project" (the project) vide agreement dated October 28, 2016. As per the terms of the agreement, the parent company along with the consortium members has to work on Build, Own, Operate and Transfer (BOOT) model on Public Private Partnership (PPP) basis. The company is one of the Consortium member of the project.

The concession period granted as per the agreement is 15 years (excluding implementation period) further extendable by another 15 years based on mutually agreed terms and conditions.

The title of interest, ownership and rights with regard to project implemented by Parent company and consortium members along with fixtures/ fittings provided therein shall rest with the Parent along with members until the expiry/ termination of the agreement and the rights related to the land allotted by BSCDCL shall vest with BSCDCL, except that, these will be operated and maintained by Concessionaire at its own cost and expenses along with consortium members as agreed in the concession agreement.

On obtaining the Completion Certificate from the specified authority, the Parent along with consortium members shall be exclusively entitled to demand and collect revenue from the project assets in any manner.

The Parent company shall pay a fixed quarterly revenue share, as specified by the terms of agreement, to BSCDCL over the concession period.

Obligation and benefits from implementation and operation of Wi-Fi services and LIT fibers, under this agreement, shall be incurred by and accrued to the Company from this project.

33. Financial risk management objectives and policies

The Company's principal financial liabilities comprise trade payables, Interest free long term borrowings etc. The main purpose of these financial liabilities is to manage finances for the Company's operations. The Company's principal financial assets include unbilled revenue, cash and cash equivalents, trade receivable etc. that derive directly from its operations.

The Company is exposed to market risk, credit risk and liquidity risk. The Company's senior management oversees the management of these risks. The senior professionals working to manage the financial risks and the appropriate financial risk governance framework for the Company are accountable to the Board of Directors. This process provides assurance to the Company's senior management that the Company's financial risk-taking activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with Company's policies and Company's risk appetite. The Company has not entered into any derivative transactions. All derivative activities if any, for risk management purposes are carried out by specialist teams that have the appropriate skills, experience and supervision. It is the Company's policy that no trading in derivatives for speculative purposes shall be undertaken. The Board of Directors reviews and agrees policies for managing each of these risks which are summarised below:

- **Market risk**

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise three types of risk: interest rate risk, foreign currency risk and price risk. The Company doesn't have financial and other Instruments which is affected by Market risk.
The sensitivity of the relevant profit or loss item, if any is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held at March 31, 2019 and March 31, 2018.

DELOITTE HASKINS & SELLS LLP
Chartered Accountants

(Amounts in thousands of Indian Rupees)

The Company's exposure to financial risks is to a variety of financial risks, including the effect of changes in foreign currency exchange rates, if any. The Company uses derivative financial instruments such as foreign exchange contracts to manage its exposures and foreign exchange fluctuations, if any.

❖ **Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is having interest free borrowings hence, not subject to interest rate risk.

❖ **Foreign currency risk**

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Indian Rupee is the Company's functional currency. As a consequence, the Company's results are presented in Indian Rupee and exposures are managed against Indian Rupee accordingly. The Company has very limited foreign currency exposure mainly due to incurrence of some expenses and capex items. The Company may use foreign exchange option contracts or forward contracts towards operational exposures resulting from changes in foreign currency exchange rates exposure. These foreign exchange contracts, carried at fair value, may have varying maturities depending upon the primary host contract requirement.

❖ **Price risk**

The Company manages the price risk through diversification and by placing limits on individual and total instruments. The Company's financial and other instruments are not susceptible to price risk which may arise from changes in the interest rates or market yields which in turn can impact the return and value of such instruments.

- **Credit risk**

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily for trade and other receivables) and from its financing activities, including deposits with banks and financial institutions, and other financial instruments.

❖ **Trade receivables**

Customer credit risk is managed in accordance with Company's established policy, procedures and control relating to customer credit risk management. Trade receivables are non-interest bearing and are generally on 15 days credit term. Outstanding customer receivables are regularly monitored. The ageing analysis of trade receivables as of the reporting date is as follows:

	Within due date	**Less Than 30 days**	**30 to 60 days**	**60 to 90 days**	**above 90 days**	**Total**
Trade receivables as at March 31, 2019	705	3,223	4,321	3,171	57,402	**68,822**
Trade receivables as at March 31, 2018	1,183	-	-	-	-	**1,183**

Deloitte Haskins & Sells LLP
Chartered Accountants

(Amounts in thousands of Indian Rupees)

❖ **Financial instruments and cash deposits**

Credit risk from balances with banks and financial institutions is managed by Company's treasury in accordance with the board approved policy. Investment of surplus funds are made only with approved counterparties who meet the minimum threshold requirements under the counterparty risk assessment process. The Company monitors ratings, credit spreads and financial strength on at least quarterly basis. Based on its on-going assessment of counterparty risk, the Company adjusts its exposure to various counterparties. The Company's maximum exposure to credit risk for the components of the Balance Sheet at March 31, 2019 and March 31, 2018 is the carrying amounts as illustrated in note 28.

- **Liquidity risk**

Liquidity risk is the risk that the Company may not be able to meet its present and future cash and collateral obligations without incurring unacceptable losses. The Company's objective is to at all times maintain optimum levels of liquidity to meet its cash and collateral requirements. The Company principal sources of liquidity are cash and cash equivalents and the cash flow generated from operations. Further, being the Company in to expansion stage, the Company is meeting its capex requirement from the equity and borrowing from its parent. The borrowings are interest free and repayable on demand. The Company closely monitors its liquidity position and deploys a robust cash management system.

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

Particulars	As at March 31, 2019					
	Carrying Amount	Less than 6 Months	6 to 12 months	1 to 2 years	> 2 years	Total
Borrowings	291,045	291,045	-	-	-	291,045
Trade payables	15,240	15,240	-	-	-	15,240
Other financial liabilities	5,486	5,486	-	-	-	5,486
Total	**311,771**	**311,771**	-	-	-	**311,771**

Particulars	As at March 31, 2018					
	Carrying Amount	Less than 6 Months	6 to 12 months	1 to 2 years	> 2 years	Total
Borrowings	121,000	121,000	-	-	-	121,000
Trade payables	17,231	17,231	-	-	-	17,231
Other financial liabilities	50,694	50,694	-	-	-	50,694
Total	**188,925**	**188,925**	-	-	-	**188,925**

- **Capital management**

For the purpose of Company's Capital management, Capital includes issued equity capital and all other equity reserves attributable to the equity shareholders. The primary objective of the Company's capital management is to maximise the shareholder value.
The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to

shareholders or issue new shares. The Company has availed interest free credit support from Parent Company. The Company is in the stage of expansion; hence outsider liabilities are met from the Credit Support of Parent Company and internal accruals of the Company.

DELOITTE HASKINS & SELLS LLP
Chartered Accountants