

BOARD'S REPORT

Dear Members,

Your Directors have pleasure in presenting the Twenty Eighth (28th) Board's Report on the Company's business and operations, together with audited financial statements and accounts for the financial year ended March 31, 2023.

Mobile Services/ Business Operations

Bharti Hexacom Limited ("Hexacom/ the Company") is one of the largest mobile service provider in Rajasthan and North East Circles.

During the financial year 2022-23, the Company experienced a positive growth in income over the previous year which was majorly attributed to increase in revenue. The revenue and EBITDA for the year ended March 31, 2023 was Rs. 67,192 Million and Rs. 29,259 Million respectively as compared to revenue and EBITDA of Rs. 54,940 Million and Rs. 19,028 Million respectively of last year (i.e. for the year ended March 31, 2022).

The Company targets to cover all the urban areas and a few pockets of rural areas with 5G services by March 2024. Airtel's 5G Plus offers up to 30x faster download speeds than 4G. 5G handset ecosystem is gradually evolving with more choices for customers at affordable price points.

Financial results

The financial highlights of the Company's operations are as follows:

Particulars	(In Rupees Million)	
	FY 2022-23	FY 2021-22
Income including Other Income	67,192	54,940
Profit from operating activities before depreciation, amortization, finance cost, exceptional items and tax	29,259	19,028
Finance Expenses (Net)	6,388	5,718
Depreciation & Amortisation expense	15,533	14,410
Profit before tax	7,338	18,411
Tax Expenses (current tax & deferred tax)	1,846	1,665
Loss/Profit for the year after tax	5,492	16,746

Material changes and commitments

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

Change in the Nature of Business

There was no change in nature of the business of the Company during the financial year ended on March 31, 2023.

Secretarial Standards

Pursuant to the provisions of Section 118 of the Companies Act, 2013, the Company has complied with the applicable Secretarial Standards issued by the Institute of Company Secretaries of India and notified by the Ministry of Corporate Affairs.

Share capital

During FY 2022-23, there was no change in the share capital of the Company.

The authorised share capital of the Company is INR 2,500,052,000 (Rupees Two Hundred Fifty Crore and Fifty-Two Thousand Only) divided into 250,000,000 (Twenty-Five crore) equity shares of INR 10/- (Rupees Ten) each and 520 (Five Hundred and Twenty) redeemable, non-participating,

non-cumulative preference shares of INR 100/- (Rupees Hundred) each. During the year, there was no change in the Authorised Share Capital of the Company.

The issued, subscribed and paid-up share capital of the Company is INR 2,500,000,000 (Rupees Two Hundred and Fifty Crore) divided into 250,000,000 (Twenty-Five crore) equity shares of INR 10/- (Rupees Ten) each.

Debentures

During the year, the Company has not raised any funds through the issuance of Non-Convertible Debentures (NCD's).

The value of issued NCD's outstanding as on March 31, 2023 is Rs. 35,000 Mn. The aforesaid NCDs are listed on National Stock Exchange of India Limited.

The details of Debenture Trustee are given hereunder:

Axis Trustee Services Limited

The Ruby, 2nd Floor, SW,
29 Senapati Bapat Marg, Dadar West,
Mumbai – 400028

Tel : +91-22-62300451

Fax : +91-22-43253000

Email : debenturetrustee@axistrustee.in; compliance@axistrustee.in

Ratings

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

Transfer to reserves

The Company has not transferred any amount to reserves for the financial year ended March 31, 2023.

Dividend

For the financial year 2022-23, the Directors of the Company has recommended final dividend of Rs.3/- per equity share of face value of Rs.10/- each for the financial year 2022-23.

The proposed final dividend payout will amount to approx. ₹ 750 Mn. The payment of final dividend is subject to the approval of shareholders at the 28th Annual General Meeting (AGM).

The record date for the purpose of payment of final dividend for the FY 2022-23, will be Friday, September 22, 2023.

In view of the applicable provisions of Income Tax Act, 1961, dividend paid or distributed by the Company shall be taxable in the hands of the shareholders. Your Company shall, accordingly make the payment of the final dividend after deduction of tax at source.

Transfer of amount to Investor Education and Protection Fund

During the year, the Company was not required to transfer any amount to Investor Education and Protection Fund.

Deposits

The Company did not accept any deposits during the financial year, including from public and, as such, no amount of principal or interest was outstanding as on the balance sheet closure date.

Directors and Key Managerial Personnel

Appointment, Re-appointments, Retirements and Resignations

i. Retirement by rotation and subsequent re-appointment

Pursuant to the provisions of the Act, Mr. Sanjeev Kumar (DIN: 07566882) Director of the Company will retire by rotation at the ensuing AGM and being eligible, has offered himself for re-appointment. The Board, on the recommendation of the Nomination & Remuneration Committee, recommended his re-appointment at the ensuing AGM.

ii. Appointment and re-appointment of Director(s)

During the year, following appointments on the Board of Directors were made:

- a. Mr. JS Deepak appointed as Non-Executive Non-Independent Director w.e.f. May, 20, 2022.
- b. Mr. Arvind Kohli appointed as an Independent Director w.e.f. March 22, 2023.
- c. Mr. Rahul Vatts appointed as Non-Executive Non-Independent Director w.e.f. May, 20, 2022.
- d. Ms. Vidyut Gulati appointed as Non-Executive Non-Independent Director w.e.f. May, 20, 2022.

In the opinion of the Board, all the directors, including the directors appointed/ re-appointed during the year, possess the requisite qualifications, experience, expertise, proficiency and hold high standards of integrity.

iii. Retirements and resignations of Director(s)

The details of Directors resigned during the year are as under:

- a. Ms. Ajeeta Kahale, Non-executive Non-Independent Director resigned w.e.f. May 19, 2022.
- b. Mr. Narendra Jain, Non-executive Non-Independent Director resigned w.e.f. December 05, 2022.
- c. Mr. Pankaj Tewari, Non-executive Non-Independent Director resigned w.e.f. May 19, 2022.
- d. Mr. Rajiv Kumar Chaudhri, Independent Director, ceased to be an Independent Director w.e.f. December 15, 2022 due to his sudden demise.

The directors, on behalf of the Company placed on record their appreciation for help, guidance and contribution made by them during their tenure as directors of the Company.

The directors pay its heartfelt condolences to the entire family of Rajiv Kumar Chaudhri.

In addition to the above mentioned changes in the Board, Mr. Devendra Khanna stepped down as the Chairman of the Company w.e.f. May 19, 2022 and Mr. JS Deepak was designated the Chairman of the Company w.e.f. May 20, 2022.

Declaration by Independent Directors

Pursuant to Section 149(7) of the Act, the Company has received declarations from all Independent Directors confirming that they meet the criteria of independence as specified in Section 149(6) of the Act, as amended, read with Rules framed thereunder and Regulation 16(1)(b) of the Listing Regulations. In terms of Regulation 25(8) of the Listing Regulations, the Independent Directors have confirmed that they are not aware of any circumstance or situation which exists or may be reasonably anticipated that could impair or impact their ability to discharge their duties with an objective independent judgement and without any external influence and that they are independent of the Management.

The Independent Directors have also confirmed that they have complied with the Company's Code of Conduct and that they are registered on the databank of Independent Directors maintained by the Indian Institute of Corporate Affairs. The Directors have further confirmed that they are not debarred from holding the office of director under any SEBI order or any other such authority.

The Board of Directors of the Company have taken on record the aforesaid declaration and confirmation submitted by the Independent Directors.

Key Managerial Personnel

During the year, the following changes occurred in the Key Managerial Personnel (KMP) of the Company:

1. Ms. Nidhi Lauria, resigned from the position of the Chief Executive Officer of the Company w.e.f. November 11, 2022; and
2. Mr. Marut Dilawari was appointed as the Chief Executive Officer of the Company w.e.f. November 12, 2022.

As on March 31, 2023 the Company had the following KMPs:

1. Mr. Kamal Dua- Chief Financial Officer;
2. Mr. Marut Dilawari- Chief Executive Officer; and
3. Ms. Richa Gupta- Company Secretary and Compliance Officer.

Board Committees and Meetings of the Board and Board-Committees

In compliance with the statutory requirements, the Company has constituted mandatory Committees viz. Audit Committee, Risk Management Committee, Nomination and Remuneration Committee, Corporate Social Responsibility Committee and Stakeholders' Relationship Committee.

In addition to the above, the Company has also established Operating Committee viz. Committee of Directors to handle day to day operational matters of the Company.

During the year under review, all the recommendations made by the Committees of the Board, including the Audit Committee, were accepted by the Board.

The Board of Directors met Six times during the FY 2022-23. A detailed update on the Board, its composition, governance of committees, number of Board and Committee meetings held during FY 2022-23 and attendance of the Directors thereat, is provided in the Report on Corporate Governance, which forms part of this Annual Report.

Policies

Risk Management and Internal Assurance function

Risk management is embedded in the Company's operating framework. The Company believes that risk resilience is key to achieving higher growth. To this effect, there is a robust process in place to identify key risks across the group and prioritise relevant action plans to mitigate these risks.

Risk Management framework is reviewed periodically by the Board and the Audit Committee, which includes discussing the management submissions on risks, prioritising key risks and approving action plans to mitigate such risks.

The Company has a duly approved Risk Management Policy. The objective of this policy is to have a well-defined approach to risk. The policy lays down broad guidelines for timely identification, assessment, and prioritisation of risks affecting the Company in the short and foreseeable future. The policy suggests framing an appropriate response action for the key risks identified, so as to make sure that risks are adequately compensated or mitigated.

The internal audit function is responsible to assist the Audit Committee on an independent basis with a full status of the risk assessments and associated management action plans.

Corporate Social Responsibility (CSR) Policy

Your Company has a CSR Policy for undertaking programmes and projects as per the requirements of law. Providing education to underprivileged children of the society in the rural areas of the Country, health and sanitation programmes and rural development projects etc. are the focus areas

of the CSR Policy. The said policy is available on the website at <https://www.bhartihexacom.in/docs/policies/CSR%20Policy.pdf>

In terms of applicable provisions of Section 135 of the Companies Act, 2013, the Company was not obligated to contribute towards CSR activities during the financial year 2022-23. The annual report on Corporate Social Responsibility is annexed as 'Annexure A'.

Nomination & Remuneration Policy

The Company, pursuant to the provisions of Section 178 of the Companies Act, 2013 and Regulation 19 of Listing Regulations has formulated and adopted a Nomination and Remuneration Policy on directors' appointment and remuneration including criteria for determining qualifications, positive attributes, independence of a director and other matters. Based on the recommendations of Nomination and Remuneration Committee, the Board of Directors, reviewed and updated the aforesaid Policy. The Nomination and Remuneration Policy is available on the website of the Company <https://www.bhartihexacom.in/policies.html>.

Vigil Mechanism

The Company has adopted a Vigil Mechanism/Whistle Blower Policy which forms part of Code of Conduct of the Company. It outlines the method and process for stakeholders to voice their genuine concerns about unethical conduct that may be actual or threatened breach with the Company's Code of Conduct. The Policy is available on the Company's website at <https://www.bhartihexacom.in/policies.html>.

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

Board evaluation and Familiarisation Programme

The Nomination Committee has put in place a robust framework for evaluation of the board, board-committees and individual directors keeping in view the board priorities and practices. Customised questionnaires were circulated, responses were analyzed and the results were subsequently discussed by the Board.

All directors participated in the evaluation process. The result of evaluation was discussed in the respective committee meetings. Recommendations arising from the evaluation process were considered by the Board to optimize its effectiveness.

A note on the familiarisation programme adopted by the Company for orientation and training of the Directors is provided in the report on Corporate Governance, which forms part of this Annual Report.

Internal Financial Controls

The Company has established a robust framework for internal financial controls. It has in place adequate controls, procedures and policies, ensuring orderly and efficient conduct of its business, including adherence to the Company's policies, safeguarding of its assets, prevention and detection of frauds and errors, accuracy and completeness of accounting records and timely preparation of reliable financial information.

Your Board reviews the internal processes, systems and the internal financial controls and accordingly, the Directors' Responsibility Statement contains a confirmation as regards adequacy of the internal financial controls. Assurance on the effectiveness of Internal Financial Controls is obtained through management reviews, self-assessment, continuous monitoring by functional heads as well as testing of the internal financial control systems during the course of audits. We believe that these systems provide reasonable assurance that our internal financial controls are designed adequately and are operating as intended.

Annual Return

The Annual Return of the Company as on March 31, 2023 in Form MGT - 7 in accordance with Section 92(3) of the Act read with the Companies (Management and Administration) Rules, 2014, is available on the website of the Company at <https://www.bhartihexacom.in/investorRelation.html>.

Subsidiary Company, Joint Ventures and Associate Companies

The Company does not have any subsidiary, Joint venture or Associate Company.

Disclosure under Sexual Harassment of Women at the Workplace (Prevention, Prohibition and Redressal) Act, 2013

In compliance with Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 (POSH Act, 2013), the Company has adopted a policy which is in compliance with the provisions of the POSH Act, 2013 and constituted an Internal Complaints Committee for providing a redressal mechanism pertaining to sexual harassment of employees at workplace and any such incident can be reported to the Internal Complaints Committee. The Company did not receive any complaint during the year, under Sexual Harassment of Women at the Workplace (Prevention, Prohibition and Redressal) Act, 2013.

Auditors and Auditors' Report

Statutory Auditors

In terms of the provisions of Section 139 of the Companies Act, 2013, Deloitte Haskins & Sells LLP were appointed as the Company's Statutory Auditors by the shareholders in the AGM held on September 30, 2022, for a period of 5 (five) consecutive years i.e. till the conclusion of 32nd AGM to be held in calendar year 2027.

Deloitte Haskins & Sells LLP have confirmed that they are not disqualified from continuing as Statutory Auditors of the Company and satisfy the independence criteria in terms of the applicable provisions of the Act and Code of Ethics issued by the Institute of Chartered Accountants of India.

The Board has duly examined the Statutory Auditors' Report to the financial statements, which is self-explanatory. The auditors have not reported any fraud u/s 143(12) of the Act. The clarifications, wherever necessary, have been included in the Notes to Accounts section of the Annual Report.

Cost Auditors

The Board, on the recommendation of the Audit Committee had approved the appointment of Sanjay Gupta & Associates, Cost Accountants, as Cost Auditors, for the financial year ending March 31, 2023. The Cost Auditors will submit their report for FY 2022- 23 within the timeframe prescribed under the Companies Act, 2013 and rules made thereunder.

The Board, on the recommendation of Audit Committee, has re-appointed Sanjay Gupta & Associates, Cost Accountants, as Cost Auditors of the Company for FY 2023-24.

Cost Audit report for the FY 2021-22 does not contain any qualification, reservation, disclaimer or adverse remark.

In accordance with the provisions of Section 148 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, since the remuneration payable to the cost Auditors is required to be ratified by the shareholders, the Board recommends the same for approval by shareholders at the ensuing AGM.

Cost records

The Company has maintained the cost records as prescribed by the Central Government under Section 148(1) of the Act.

Secretarial Auditors

The Company had appointed Makarand M. Joshi & Co, Company Secretaries, as Secretarial Auditors for the financial year ended March 31, 2023. The Secretarial Auditors have submitted their report, confirming compliance by the Company of all the provisions of applicable corporate laws except for inadvertent delays in filing of certain submissions.

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

Particulars of loans, guarantees or investments under section 186 forms part of the financials

No loans, guarantees or investments were made during the financial year 2022-23 which attracts the provisions of Section 186 of the Companies Act, 2013.

Corporate Governance Report

A detailed report on Corporate Governance, pursuant to the requirements of the Listing Regulations, forms part of this Annual Report.

A certificate from the MMJB & Associates LLP, Company Secretaries, affirming compliance of Code of Corporate Governance as specified under Regulation 17 to 27 during FY 2022-23 is annexed as **Annexure C**.

Related Party Transactions

All arrangements/ transactions entered into by the Company with its related parties during the year were in the ordinary course of business and on an arm's length basis. Necessary disclosure with respect to the material related party transactions during the FY 2022-23, is given in the prescribed form AOC-2 which is annexed as **Annexure D** to this report. In compliance with the requirement of Listing Regulations, names of related parties and details of transactions with them have been included in notes to the financial statements provided in this Annual Report. The updated Policy on the Related Party Transactions is available on the Company's website at <https://www.bhartihexacom.in/policies.html>.

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

The information as required under section 134(3) of the Companies Act, 2013, read with the Rule 8 of Companies (Accounts of Companies) Rules, 2014 as may be applicable, has been annexed as **Annexure E** to this report and forms part of this report.

Particulars of Employees

Disclosure relating to remuneration of Directors u/s 197(12) of the Act read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is not applicable.

Directors' Responsibility Statement

Pursuant to Section 134 of the Act, the directors, to the best of their knowledge and belief, confirm that:

- a) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- b) the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit of the company for that period;
- c) the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- d) the directors had prepared the annual accounts on a going concern basis; and
- e) the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Significant and Material orders

There are no significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and Company's operations in future other than the order/judgment of Hon'ble Supreme Court of India dated July 20, 2020 & September 01, 2020 in AGR Matter, whereby the dues were affirmed and direction was given for the payment of dues.

DoT vide letter dated October 14, 2021 has offered a one-time opportunity to opt for deferment of AGR related instalments determined by the Supreme Court in the AGR case, by a period of four years with immediate effect without changing the overall payment period of 10 years as fixed by the Supreme court (i.e. the last of the yearly instalment payment to be made by March 31, 2031). The revised amount of instalment of the AGR dues is to be paid with-in this time frame only. The Company vide its letter dated October 22, 2021 has confirmed DoT to avail the offer.

As on March 31, 2023, a provision of Rs. 15,789 Million stands against AGR dues. Additionally, Rs. 8,970 Million is already paid by the Company post AGR Judgment.

Acknowledgements

Your directors take this opportunity to place on record their appreciation for the wholehearted support received from Central Government, the State Governments, Department of Telecommunications (DoT), Wireless Planning and Coordination, Telecom Regulatory Authority of India (TRAI), Cellular Operators Association of India, Company's Bankers and Auditors, the employees, the subscribers, dealers, suppliers and all other business associates. We look forward to their continued support in future.

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

Date: May 30, 2023
Place: New Delhi

**JS Deepak
Chairman
DIN: 02194470**

The Annual Report on Corporate Social Responsibility (CSR) Activities

1. Brief outline on CSR Policy of the Company:

At Bharti Hexacom Limited, business success is not just about profits and shareholder returns. We believe in pursuing wider socio-economic and cultural objectives and have always endeavoured to not just live up to it, but to try and exceed the expectations of the communities in which we operate.

At Bharti Hexacom Limited, the CSR and welfare activities centers around on the following areas:

- Promoting education for underprivileged sections of the society (school/college/technical/vocational).
- Eradicating hunger, poverty and malnutrition, promoting preventive health care and sanitation and making available safe drinking water.
- Contributions or funds provided to technology incubators located within academic institutions which are approved by the Central Government.

2. Composition of the CSR Committee as on March 31, 2023: -

Sl. No.	Name of Director	Designation / Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1.	Ajeeta Kahale ¹	Chairperson, Director	1	1
2.	Devendra Khanna ²	Member, Director	1	1
3.	Ravinder Arora ³	Member, Independent Director	N.A.	N.A.
4.	Rajiv Kumar Chaudhri ⁴	Member, Independent Director	1	1
5.	Soumen Ray ⁵	Chairperson, Director	N.A.	N.A.
6.	Vidyut Gulati ⁶	Member, Director	N.A.	N.A.

Notes:

1. Ceased to be the Chairperson and member of the Committee and Director of the Company w.e.f. May 19, 2022.
2. Ceased to be a member of the Committee w.e.f. May 19, 2022.
3. Appointed as a member of the Committee w.e.f. February 13, 2023.

4. Ceased to be member of the Company w.e.f. December 15, 2022 due to his sudden demise.
5. Appointed as Chairperson of the Committee w.e.f. May 20, 2022.
6. Appointed as member of the Committee w.e.f. May 20, 2022.

3. Web-link(s) where Composition of CSR Committee, CSR Policy and CSR Projects approved by the board are disclosed on the website of the Company: -

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

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

CSR Projects: Not Applicable

4. Executive summary along with web-link(s) of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social responsibility Policy) Rules, 2014, if applicable (attach the report): -

Not Applicable

5.

a)	Average net profit of the Company as per sub-section (5) of Section 135	(7,244)
b)	Two percent of average net profit of the company as per section 135(5)	Nil
c)	Surplus arising out of the CSR projects or programmes or activities of the previous financial year	Nil
d)	Amount required to be set off for the financial year, if any	Nil
e)	Total CSR obligation for the financial year [(b)+ (c)- (d)]	Nil

6.

a)	Amount spent on CSR Projects (both Ongoing Project and other than Ongoing Project):	Nil
b)	Amount spent in Administrative Overheads:	Nil
c)	Amount spent on Impact Assessment, if applicable:	Nil
d)	Total amount spent for the Financial Year [(a)+(b)+(c)]:	Nil

(e) CSR amount spent or unspent for the Financial Year:

Total Amount Spent for the Financial Year. (in Rs.)	Amount Unspent (in Rs.)	
	Total Amount transferred to Unspent CSR Account as per sub-section (6) of section 135.	Amount transferred to any fund specified under Schedule VII as per second proviso to sub-section (5) of section 135(5).

	Amount.	Date of transfer	Name of the Fund	Amount.	Date of transfer.
N.A.	N.A.	N.A.	N.A.	N.A.	N.A.

(f) Excess amount for set-off, if any:

Sl. No.	Particular	Amount (in Rs.)
(i)	Two percent of average net profit of the company as per section 135(5)	Nil
(ii)	Total amount spent for the Financial Year	Nil
(iii)	Excess amount spent for the financial year [(ii)-(i)]	Nil
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous Financial Years, if any	Nil
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	Nil

7. Details of Unspent Corporate Social Responsibility amount for the preceding three Financial Years: Not Applicable

(1)	(2)	(3)	(4)	(5)	(6)		(7)	(8)
Sl. No.	Preceding Financial Year(s)	Amount transferred to Unspent CSR Account under sub-section (6) of section 135 (in Rs.)	Balance Amount in Unspent CSR Account under sub-section (6) of section 135 (in Rs.)	Amount Spent in the Financial Year (in Rs.)	Amount transferred to a Fund as specified under Schedule VII as per second proviso to sub-section (5) of section 135, if any		Amount remaining to be spent in the succeeding Financial Year (in Rs.)	Deficiency, if any
					Amount (in Rs.)	Date of Transfer		
1	F.Y-1				Not applicable			
2	F.Y-2				Not applicable			
3	F.Y-3				Not applicable			

Owing to losses in the immediate three (3) preceding financial years, the Company is not mandatorily required to spend any amount towards CSR activities in terms of Section 135 (5) of the Companies Act, 2013 for the FY 2022-23.

8. Whether any capital assets have been created or acquired through Corporate Social Responsibility amount spent in the Financial Year: No

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

Since the Company did not have profits (average net profits for the last three financial years) as computed in accordance with the Companies (Corporate Social Responsibility Policy) Rules, 2014, it was not obligated to contribute towards CSR activities during FY 2022-23.

However, the Company is committed to build its CSR capabilities on a sustainable basis and undertake CSR activities as and when the opportunity arises.

Date: Delhi

Place: May 30, 2023

**On Behalf of the Board
For Bharti Hexacom Limited**

**Soumen Ray
Chairperson CSR Committee
DIN: 09484511**

**Marut Dilawari
Chief Executive Officer
PAN: AARPD0678E**

MAKARAND M. JOSHI & CO.

Company Secretaries

Ecstasy, 803-804, 8th Floor, City of Joy, JSD Road, Mulund (W), Mumbai- 400080, (T) 022-21678100

FORM NO. MR.3

SECRETARIAL AUDIT REPORT

for the financial year ended March 31, 2023

[Pursuant to section 204(1) of the Companies Act, 2013 and rule no. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
The Members,
Bharti Hexacom Limited,
Bharti Crescent, 1, Nelson Mandela Road,
Vasant Kunj, Phase - II, New Delhi -110070

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Bharti Hexacom Limited** (hereinafter called 'the Company'). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Auditor's Responsibility:

Our responsibility is to express an opinion on the compliance of the applicable laws and maintenance of records based on audit. We have conducted the audit in accordance with the applicable Auditing Standards issued by The Institute of Company Secretaries of India. The Auditing Standards requires that the Auditor shall comply with statutory and regulatory requirements and plan and perform the audit to obtain reasonable assurance about compliance with applicable laws and maintenance of records.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the financial year ended on March 31, 2023 (hereinafter called the 'Audit Period') complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2023 according to the provisions of:

- (i) The Companies Act, 2013 ('the Act') and the rules made thereunder;

- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings; **(Not Applicable to the Company during the Audit Period)**;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act');
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011; **(Not applicable to the Company during the Audit period)**;
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 (PIT Regulation);
 - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018; **(Not applicable to the Company during the Audit period)**
 - (d) The Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021; **(Not applicable to the Company during the Audit period)**
 - (e) The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021;
 - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
 - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021; **(Not Applicable to the Company during the Audit Period)** and
 - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018. **(Not Applicable to the Company during the Audit Period)**

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

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India.
- (ii) The Securities and Exchange Board of India (Listing Obligations and Disclosure requirements) Regulations, 2015 ('Listing Regulations').
Further, the Company being High Value Debt Listed Entity, it is complying with the provisions of Listing Regulations on Comply and Explain basis and is in the process of full compliance.

During the period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines and Standards etc mentioned above *except that the Company has not filed quarterly compliance certificate on Structured digital database with the stock exchange.*

We further report that having regard to the compliance system prevailing in the Company and on the examination of the relevant documents and records in pursuance thereof, on test-check basis, the Company has complied with following laws and rules thereunder which is specifically applicable to the Company:

- a) The Indian Telegraph Act, 1885;
- b) The Telecom Regulatory Authority of India Act, 1997 and rules and Regulations made thereunder;
- c) The Indian Wireless Telegraphy Act, 1933.

We further report that

The Company is in the process of reconstitution of the Board Composition as per the recent amendments to listing regulations. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act and Listing regulations.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

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

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

We further report that during the audit period, the Company has redeemed its Commercial Paper amounting to ₹ 2,890 Crore.

For Makarand M. Joshi & Co.

Company Secretaries

KUMUDINI DINESH BHALERAO
Digitally signed by
KUMUDINI DINESH
BHALERAO
Date: 2023.05.30
14:18:12 +05'30'

Kumudini Bhalerao

Partner

FCS No. 6667

CP No. 6690

PR No: 640/2019

UDIN: F006667E000421224

Date: May 30, 2023

Place: Mumbai

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

To,
The Members,
Bharti Hexacom Limited
Bharti Crescent, 1, Nelson Mandela Road,
Vasant Kunj, Phase - II, New Delhi -110070

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

1. Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For Makarand M. Joshi & Co.
Company Secretaries

KUMUDINI
DINESH
BHALERAO

Digitally signed by
KUMUDINI DINESH
BHALERAO
Date: 2023.05.30
14:18:42 +05'30'

Kumudini Bhalerao

Partner

FCS No. 6667

CP No. 6690

PR No: 640/2019

UDIN: F006667E000421224

Date: May 30, 2023

Place: Mumbai

MMJB & Associates LLP

Company Secretaries

Ecstasy, 803/804, 8th Floor, City of Joy, J.S.D Road, Mulund (West), Mumbai- 400080, (T) 022-21678100

CORPORATE GOVERNANCE COMPLIANCE CERTIFICATE

To,
The Board of Directors,
Bharti Hexacom Limited
Bharti Crescent, 1, Nelson Mandela Road,
Vasant Kunj, Phase - II, New Delhi -110070

We have examined the compliance of conditions of Corporate Governance by **Bharti Hexacom Limited** ("the Company") for the year ended on March 31, 2023, as stipulated in Regulations 17 to 27 and clauses (b) to (i) and (t) of sub-regulation (2) of Regulation 46 and Para C, D and E of Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations").

In our opinion and to the best of our information and according to the explanations given to us, and representations made by the management, we certify that the company, being a High Value Debt Listed Entity has complied with the conditions of Corporate Governance as stipulated in Regulations 17 to 27 and clauses (b) to (i) and (t) of sub-regulation (2) of Regulation 46 and Para C, D and E of Schedule V of Listing Regulations on Comply and Explain basis and is in the process of full compliance.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

We further state that such compliance is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For MMJB & Associates LLP
Company Secretaries

BHAVISHA RAVI
JEWANI
Digitally signed by
BHAVISHA RAVI
JEWANI
Date: 2023.05.30
14:20:56 +05'30'

Bhavisha Jewani
Designated Partner

FCS No.: 8503

CP No.: 9346

PR: 2826/2022

UDIN: F008503E000421674

Date: May 30, 2023

Place: Mumbai

Form No. AOC-2

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

Form for disclosure of particulars of contracts/arrangements entered into by the Company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto

1. Details of contracts or arrangements or transactions not at arm's length basis

Not applicable.

All the contracts, arrangements or transactions entered in to by the Company with related parties during the financial year ended March 31, 2023, were at arm's length basis, in ordinary course of business and were approved by the Audit Committee.

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

No.	Particulars	Details	Details
(a)	Name(s) of the related party and nature of relationship	Indus Towers Limited	Bharti Airtel Limited (Holding Company)
(b)	Nature of contracts /arrangements / Transactions	Availing of service(s) including passive infrastructure services including but not limited to, project management or of provisioning, establishing, installation, operation and maintenance thereof; (b) rendering of service(s) including telecommunication services viz. landline, mobile, leased line broadband facility, SIM charges and USB Dongles etc; (c) reimbursement of expenses including towards availing/ providing for sharing/ usage of each other's employees, infrastructure, related owned/ third party services and payment of taxes; (d) purchase/ sale/ exchange/ transfer/ lease of business asset(s) and/ or equipment(s) including passive infrastructure assets to meet its business objectives/ requirements; (e) selling or otherwise disposing of or leasing, or buying property(ies) to meet its business objectives/ requirements; and (f) transfer of resources, services or obligations to meet its business objectives/ requirements.	a) availing and rendering of service(s) including telecommunication services viz., Voice, Bandwidth, VAS and SMS etc and related services; b) reimbursement of expenses including towards availing/ providing for sharing/ usage of each other's resources viz. employees, office space, infrastructure including IT assets, taxes and related owned/ third-party services; c) purchase/ sale/ exchange/ transfer/ lease of business asset(s) and/ or equipment's to meet its business objectives/ requirements; d) selling or otherwise disposing of or leasing, or buying property(ies) to meet its business objectives/ requirements; and e) transfer of any resources, services or obligations to meet its business objectives/ requirements.
(c)	Duration of the contracts/ arrangements/ transactions	All the contracts/ arrangements/transactions are on ongoing basis unless otherwise specified under the Master Service Agreement.	All the contracts/ arrangements/transactions are on ongoing basis subject to necessary approvals, wherever required.
(d)	Salient terms of the contracts or arrangements or transactions including the value, if any	The Company has an arrangement with Indus Towers Limited governing the detailed terms and conditions under which the Company avails passive infrastructure and related services from Indus Towers. The arrangement prescribes material terms and conditions w.r.t. sharing of passive infrastructure at sites, provision for related operation and maintenance service, corresponding obligations of both	The Company has an arrangement with Bharti Airtel Ltd. under which the Company avails and renders service(s) including telecommunication services viz., Voice, Bandwidth, VAS and SMS etc; transfer/ lease of business asset(s) and/ or equipment's and related services from Bharti Airtel Ltd. The arrangement prescribes w.r.t. sharing of assets, telecommunication services,

		the parties and service level schedules applicable with respect to the said obligations. The arrangement also prescribes the tower sharing process, site access, acquisition and deployment timelines, the service levels and uptime to be maintained, site electrification requirements, the governance process and applicable charges including standard charges, annual increment, various site levels, premiums and additional charges determined basis the installed active equipment of the Company etc. Please refer Note no. 31 of the financial statements provided in this Annual Report.	corresponding obligations of both the parties to meet its business objectives/ requirements. Please refer Note no. 31 to the financial statements provided in this Annual Report.
(e)	Date(s) of approval by the Board, if any	The related party transactions are placed before the Audit Committee for its prior approval in compliance with the requirement of Companies Act, 2013 and Listing Regulations every year before commencement of the Financial Year and for modifications, if any.	The related party transactions are placed before the Audit Committee for its prior approval in compliance with the requirement of Companies Act, 2013 and Listing Regulations every year before commencement of the Financial Year and for modifications, if any.
(f)	Amount paid as advances if any	As per the terms of Master Service Agreement.	As per the arrangement.

Date: May 30, 2023
Place: New Delhi

For and on behalf of the Board

J S Deepak
Chairman
DIN: 02194470

ANNEXURE - E

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

Conservation of Energy and Technology Absorption

Bharti Hexacom is fully committed toward reducing carbon footprint and conserving energy at our sites. The Company has been evaluating various practice and innovation across industry to ensure the optimal use of energy, avoid wastage and conserve energy. The following are the list of practices and their status updated which have been implemented to conserve energy in financial year 2023:

Rajasthan Circle

In order to continue the focus on energy conservation and reduction of Diesel footprint the Company has implemented following projects in financial year 2023:

Conservation of Energy: FY 2023

1. Diesel Reduction by governance and operational efficiency– **568k Litres. (Cumulative FY'22-23)**
2. Conversion of Non EB sites to EB sites– **38 Sites**
3. Deployed new sites with EB during the year– **2,028 Sites**

Technological Absorption: FY 2023

1. Installation of Solar Power solutions on DG based sites– **44 Sites**
2. Deployed Power Saving Feature (PSF) to reduce energy consumption during non-peak hours on sites -**1,228**

North East Circle

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

Following are the list of practices and their status updated which we have implemented to conserve energy in financial year 2023:

Conservation of Energy:

- 1) Diesel Reduction by governance and operational efficiency – 240k liters (Savings of 432k liters on a like to like non USOF sites however considering new USOF sites the savings reduces to 240k liters)
- 2) Conversion of Non EB sites to EB sites - **132 Sites.**
- 3) Deployed new sites with EB during the year - **126 Sites.**

Technology Absorption:

- 1) Installation of Solar Power solutions on DG based sites - **63 Sites.**
- 2) Deployed Power Saving Feature (PSF) to reduce energy consumption during non-peak hours on sites – **1147 sites.**

Foreign Exchange Earnings and Outgo

(In Millions)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Foreign Exchange Earnings	91.14	45
Foreign Exchange Outgo*	856.65	190.83

*excluding capital expenditures, if any.

Date: May 30, 2023
Place: New Delhi

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

**JS Deepak
Chairman
DIN: 02194470**

REPORT ON CORPORATE GOVERNANCE

This Report on Corporate Governance reflects Company's ethically-driven business practices, aimed at sustainable value-creation for all its stakeholders. The Company believes that Corporate Governance is more than just a legal requirement. This report lays down the best practices and governance standards adopted by the Company in line with internationally recognised Corporate Governance standards.

A. CORPORATE GOVERNANCE PHILOSOPHY

Your Company believes that Corporate Governance is a means to achieve the Company's vision and objectives, in a legally compliant, transparent and ethical manner, while ensuring the best interests of all the stakeholders. The Corporate Governance Philosophy of the Company is drawn from its objective of creating and enhancing long term stakeholder value and flows from its core values – being alive, inclusive and respectful.

Corporate Governance is not confined to a set of processes and compliances at Bharti Hexacom. It underlines the role that we see for ourselves for today, tomorrow and beyond. Corporate Governance at Bharti Hexacom is implemented through clear 'tone at the top', robust board and committees' governance and strong management processes through internal controls, code of conduct, effective risk management framework, policies and procedures etc.

B. BOARD OF DIRECTORS

Board Composition

The Company's Board is an optimum mix of Non-Executive and Independent Directors to maintain the independence of the Board and separate its functions of governance and management. The Board conforms to the provisions of the Companies Act, 2013, Listing Regulations, and other statutory provisions. As on March 31, 2023, the Board comprised of 9 members with a Non-Executive Chairman, besides 5 Non-Executive Non-Independent Directors, 3 Non-Executive Independent Directors. Subsequent to the closure of financial year, a Non- Executive Non- Independent Director was appointed on the Board of the Company.

The Board reviews its strength and composition from time to time to ensure that it remains aligned with the statutory as well as business requirements.

Changes in the Board during the FY 2022-23

i. Appointment and re-appointment of Director(s)

During the year, following appointments on the Board of Directors were made:

- a. Mr. JS Deepak appointed as Non-Executive Non-Independent Director w.e.f. May, 20, 2022;
- b. Mr. Rahul Vatts appointed as Non-Executive Non-Independent Director w.e.f. May, 20, 2022;
- c. Ms. Vidyut Gulati appointed as Non-Executive Non-Independent Director w.e.f. May, 20, 2022; and
- d. Mr. Arvind Kohli appointed as an Independent Director w.e.f. March 22, 2023.

In the opinion of the Board, all the directors, including the directors appointed/ re-appointed during the year, possess the requisite qualifications, experience, expertise, proficiency and hold high standards of integrity.

ii. Retirements and resignations of Director(s)

The details of Directors who resigned/ ceased to be director during the year are as under:

- a. Mr. Pankaj Tewari, Non-executive Non-Independent Director resigned w.e.f. May 19, 2022;
- b. Ms. Ajeeta Kahale, Non-executive Non-Independent Director resigned w.e.f. May 19, 2022;
- c. Mr. Narendra Jain, Non-executive Non-Independent Director resigned w.e.f. December 05, 2022; and
- d. Mr. Rajiv Kumar Chaudhri, Independent Director, ceased to be an Independent Director w.e.f. December 15, 2022 due to his sudden demise.

The directors, on behalf of the Company placed on record their appreciation for help, guidance and contribution made by them during their tenure as directors of the Company. The directors pay their heartfelt condolences to the entire family of Rajiv Kumar Chaudhri upon his sudden death.

In addition to the above mentioned changes in the Board, Mr. Devendra Khanna stepped down as the Chairman of the Company w.e.f. May 19, 2022 and Mr. JS Deepak was designated the Chairman of the Company w.e.f. May 20, 2022.

Changes in the Board subsequent to the FY 2022-23

Subsequent to the closure of the financial year, Mr. Surajit Mandol was appointed an Additional Director on the Board of the Company on April 15, 2023.

Board Diversity and Structure

The Company recognizes and embraces the importance of a diverse board in its success. The Company believes that a truly diverse board will leverage differences in thought, perspective, knowledge, skill, industry experience, cultural and geographical background which will help us retain our competitive advantage. The Board has adopted a Policy which sets out the approach to diversity of the Board of Directors.

Company's Board represents a confluence of experience and expertise across diverse areas, ranging from finance, telecommunication, technology, general management, administrative services and consulting. The Board functions either as a full Board or through various committees constituted to oversee specific areas. Policy formulation, setting up of goals, evaluation of performance and control functions vest with the Board. The Board, along with its committees, provides leadership and guidance to the Company's management and directs, supervises and controls the performance of the Company.

Skill Matrix of the Board

The Board has identified the following skills/ expertise/ competencies fundamental for effective functioning of the Company which the Board of the Company possess:

Area	Particulars
Strategic Planning and Leadership Skills	<ul style="list-style-type: none"> ▪ Ability to think strategically and to identify and critically assess opportunities and threats and develop effective strategies in the context of objectives of the Company's relevant policies and priorities. ▪ Appreciation of long-term trends, understanding diverse business environment, regulatory framework, economic and political conditions, strategic choices and experience in guiding and leading management teams.
Financial and Risk Management	<ul style="list-style-type: none"> ▪ Wide-ranging financial skills, accounting and reporting, treasury operations, corporate finance and internal controls, including assessing quality of financial control ▪ Identification of key risks to the Company and monitoring the effectiveness of the risk management framework and practices
Governance	Experience in developing governance practices, serving the best interest of all stakeholders, maintaining board and management accountability, effective stakeholders' engagements, and commitment to highest standards of corporate ethics and values.
HR, Health, safety, environment and sustainability	Know-how of working on talent management and development, environment, health, safety, sustainability and corporate social responsibility activities directly or as a part of operational responsibility for long-term value creation.
Industry and sector experience or knowledge	Knowledge and experience in telecom sector to provide strategic guidance to the management.
Technology and digital expertise	Background in technology, resulting in knowledge of anticipating technological trends, generating disruptive innovation and extending or creating new business models.
Public Policy	Understanding of legal & regulatory landscape, national/ global policy developments and its impact on dynamic business environment.

While all the Board members broadly possess the identified skills, their domain of core expertise is given below:

Name of the Director	Strategic Planning and Leadership Skills	Financial and Risk Management	Governance	HR, Health, safety, environment and sustainability	Industry and sector experience or knowledge	Technology and digital expertise	Public Policy
Mr. JS Deepak ¹	✓	✓	✓		✓	✓	✓
Mr. Ashok Tyagi	✓		✓		✓	✓	
Ms. Ajeeta Kahale ²	✓		✓	✓	✓		
Mr. Arvind Kohli ³			✓	✓			
Mr. Devendra Khanna	✓	✓	✓	✓	✓	✓	
Mr. Narendra Jain ⁴	✓	✓	✓		✓	✓	
Mr. Pankaj Tewari ²	✓	✓	✓		✓		
Mr. Rajiv Kumar Chaudhri ⁵	✓	✓	✓	✓	✓	✓	
Mr. Ravinder Arora	✓	✓	✓	✓	✓	✓	
Mr. Rahul Vatts	✓		✓		✓	✓	
Mr. Sanjeev Kumar	✓	✓	✓	✓	✓	✓	✓
Mr. Soumen Ray	✓	✓	✓	✓	✓	✓	
Mr. Surajit Mandal ⁶	✓	✓			✓		
Ms. Vidyut Gulati	✓		✓	✓	✓		

1 Appointed as Non-Executive Director w.e.f. May 20, 2022.

2 Resigned as Non-Executive Director w.e.f. May 19, 2022.

3 Appointed as Non-Executive Independent Director w.e.f. March 22, 2023.

4 Resigned as the Non-Executive Director w.e.f. December 5, 2022.

5 Ceased to be Director of the Company w.e.f. December 15, 2022, due to his sudden demise.

6 Appointed as Non-Executive Director w.e.f. April 15, 2023.

Board Membership Criteria and Selection Process

As per the Company's Policy on Nomination and Remuneration, selection of a new Board member(s) is the responsibility of the Nomination and Remuneration Committee. The Nomination and Remuneration Committee has set forth a robust process for selection of new directors ensuring the best interests of the Company & its shareholders.

The Committee is responsible for identifying and evaluating a suitable candidate for appointment as director (executive, non-executive including independent) on the Board. While selecting a candidate, the Committee considers various criteria and leverages differences in factors w.r.t. background, knowledge, skills, abilities & thought (to exercise sound judgment), professional experience & functional expertise, educational, professional, cultural and geographical background, personal accomplishments, nationality, gender, race, ethnicity, age, experience and understanding of the telecommunication sector/ industry, marketing, technology, finance and other disciplines relevant to the business.

The Committee also considers such other factors, relevant and applicable from time to time towards achieving a diverse Board. The Committee, based on evaluation of aforesaid criteria, makes recommendations to the Board. The Board, on recommendation of the Committee, recommends the appointment to the members of the Company, wherever applicable, for their approval.

Independent Directors

The Company has laid down the terms and conditions of the appointment of Independent Directors stipulating their roles, responsibilities and duties which are consistent with the provisions of Regulation 16 of Listing Regulations, Section 149 and Schedule IV of the Companies Act, 2013. The said terms and conditions set out the criteria of independence, age limits, recommended tenure, committee memberships, remuneration and other related terms of appointment. It emphasizes the importance of independence.

At the time of appointment and thereafter at the beginning of each financial year, the Independent Directors submit a self-declaration, confirming their independence and compliance with various eligibility criteria laid down by the Company, among other disclosures and the Company also ensures that its Directors meet the above eligibility criteria. All such declarations are placed before the Board for information.

In the opinion of the Board, the Independent Directors fulfill the conditions specified in the Companies Act, 2013, rules made thereunder and Listing Regulations and are independent of the management of the Company.

Meetings of Independent Directors

The Independent Directors meet separately at least once in a year, prior to the commencement of Board meeting, without the presence of Non-Independent Directors or representatives of the management. They meet to discuss and form an independent opinion on the strategic agenda items and various other Board-related matters, identify areas where they need clarity or information from the Management, annually review the performance of Non-Independent Directors, the Board as a whole and the Chairman of the Company, taking into account the views of Executive Directors and Non- Executive Directors and assess the quality, quantity and timeliness of flow of information between the Management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

The Independent Directors also meet with the Statutory as well as Internal Auditors from time to time, in the aforesaid meeting, to discuss internal audit effectiveness, control environment and invite their general feedback. The Independent Directors met once during the FY 2022-23.

Familiarization Programme for Board Members

The Company has adopted a structured induction programme for orientation and training of Directors at the time of their joining to provide them with an opportunity to familiarize themselves with the Company, its management, its operations, and the industry in which the Company operates.

The induction programme includes one-to-one interactive sessions with the top management team, business and functional heads among others and includes site visits to understand the operations and technology. Apart from the induction program, the Company periodically presents update at the Board/Committee meetings to familiarize the Directors with Company's strategy, business performance, operations, finance, risk management framework, human resources, and other related matters.

At the time of appointment, an appointment letter setting out the role, functions, duties and responsibilities, details regarding remuneration, training and development, performance evaluation process etc. is also given to the Directors. The Board also has an active communication channel with executive management which allows free flow of communication among Directors in terms of raising query, seeking clarifications for enabling a good understanding of the Company and its various operations.

Business updates on relevant changes and regulatory updates are regularly circulated to the Directors to keep them abreast on significant developments in the Company.

The details of such familiarization programs are disclosed on the website of the Company at <https://www.bhartihexacom.in/investorRelation.html>.

Performance Evaluation

In compliance with the provisions of the Companies Act, 2013, the Nomination and Remuneration Committee had approved the process, format, attributes and criteria for the performance evaluation of the Board, Board Committees and Individual Directors including the Chairman. The process provides that the performance evaluation shall be carried out on an annual basis. During the financial year under review, the Board had completed the evaluation process, which included evaluation of the Board as a whole, the Board Committees and individual Directors including the Chairman.

All directors participated in the evaluation process. The result of evaluation was discussed in the respective committee meetings. Recommendations arising from the evaluation process were considered by the Board to optimize its effectiveness.

Number of Board Meetings

During the financial year 2022-23, the Board met 6 times i.e. on May 11, 2022, May 19, 2022, August 5, 2022, August 10, 2022, November 11, 2022 and February 13, 2023. In addition to the above, during the financial year, there were some resolutions which were passed by way of circulation.

Requisite information as on March 31, 2023, as per the requirements of Regulation 17 of the Listing Regulations is provided below:

Name of Director (DIN)	Category	Number of other directorships ^a	Name of listed entity where person is director along with category of directorship ^a	Number of committee and chairmanships ^b		No. of Board Meetings held during his/ her tenure and attended	Whether attended last AGM
				Member	Chairman		
Mr. JS Deepak ¹ (DIN: 02194470)	Non-Executive Director	1	N.A.	1	0	4 4	Yes
Ms. Ajeeta Kahale ² (DIN: 09478115)	Non-Executive Director	7	N.A.	NA		2 2	NA
Mr. Arvind Kohli ³ (00001920)	Independent Director	7	N.A.	3	0	0 0	NA
Mr. Ashok Tyagi (DIN: 00784563)	Independent Director	6	N.A.	0	0	6 6	No
Mr. Devendra Khanna (DIN: 01996768)	Non-Executive Director	16	N.A.	0	0	6 5	No

Mr. Narendra Jain ⁴ (DIN: 06942419)	Non-Executive Director	3	N.A.	NA	5 5	No
Mr. Pankaj Tewari ² (DIN: 08006533)	Non-Executive Director	9	N.A.	NA	2 2	NA
Mr. Rahul Vatts ¹ (DIN: 08877577)	Non-Executive Director	3	N.A.	1 0	4 4	No
Mr. Rajiv Kumar Chaudhri ⁵ (DIN: 00042503)	Independent Director	8	N.A.	NA	5 4	No
Mr. Ravinder Arora (DIN: 00050336)	Independent Director	3	N.A.	0 0	6 5	No
Mr. Sanjeev Kumar (DIN: 07566882)	Non-Executive Director	1	N.A.	0 0	6 6	No
Mr. Soumen Ray (DIN: 09484511)	Non-Executive Director	3	N.A.	0 0	6 6	Yes
Mr. Surajit Mandol ⁶	Non-Executive Director	1	N.A.	NA	0 0	NA
Ms. Vidyut Gulati ¹ (DIN: 08205324)	Non-Executive Director	1	N.A.	1 0	4 4	No

Notes:

- The directorships, held by Directors, as mentioned above, do not include the directorships held in foreign body corporates, private limited companies and Bharti Hexacom Limited.
- Committees considered for the purpose are those prescribed under the Listing Regulations viz. Audit Committee and Stakeholders' Relationship Committee of Indian public limited companies other than Bharti Hexacom Limited. Committee memberships details provided do not include chairmanship of other committees as it has been provided separately.
- There are no inter-se relationships between our Board members.
- As on March 31, 2023, none of the Directors of the Company hold shares in the Company.
- None of the Directors on the Board of the Company has been debarred from accessing the capital market and/or restrained from holding position of Director in any listed company by virtue of any SEBI Order or any such authority.
- None of the Non-Executive Directors have any material pecuniary relationship or transactions with the Company.

- Appointed as Non-Executive Director w.e.f. May 20, 2022.
- Ceased to be Non-Executive Director w.e.f. May 19, 2022.
- Appointed as Non- Executive Independent Director w.e.f. March 22, 2023.
- Ceased to be Non-Executive Director w.e.f. December 5, 2022.
- Ceased to be Independent Director of the Company w.e.f. December 15, 2022, due to his sudden demise.
- Appointed as Non-Executive Director w.e.f. April 15, 2023.

Remuneration of Directors

In terms of the Listing Regulations and Companies Act, 2013, the Board has approved a Policy on Nomination, Remuneration and Board Diversity for Directors, KMPs and other Senior Management Personnel. The Company's remuneration policy is intended to set out criteria for remuneration of the directors, Key Managerial Personnel, Senior Management, and other employees of the Company in accordance with the goals of the Company.

The detailed Nomination and Remuneration Policy is available on the website of the company at https://www.bhartihexacom.in/docs/policies/BHL_NRC_Policy_new.pdf.

The Company affirms that the remuneration paid to the Board members is as per terms laid out in the policy on Nomination and Remuneration.

Details of the remuneration of Directors for the FY 2022-23

S. No.	Independent Director	Sitting Fees (Rs.)	Commission (Rs.)
1	Mr. Arvind Kohli	Not Applicable	-
2	Mr. Ashok Tyagi	150,000	-
3	Mr. JS Deepak	Not Applicable	2,589,041
4	Mr. Rajiv Kumar Chaudhri*	100,000	-
5	Mr. Ravinder Arora	125,000	-

* Ceased to be Independent Director of the Company w.e.f. December 15, 2022, due to sudden demise.

Note: Apart from the above, no other director was paid any remuneration during FY 2022-23.

C. Board Committees

In compliance with the statutory requirements, the Board has constituted various committees with specific terms of reference and scope. The objective is to focus effectively on the issues and ensure expedient resolution of the diverse matters. The Committees operate as the Board's empowered agents according to their charter / terms of reference.

In the financial year 2022-23, the Board has accepted all recommendations of its committees.

The Constitution of the Board Committees are available on the Company's website at <https://www.bhartihexacom.in/managementTeam.html>

Audit Committee

In compliance with the requirements of Section 177 of the Companies Act, 2013 and Regulation 18 of Listing Regulations, the Company has duly constituted an Audit Committee. During the year, the Committee met 6 times i.e. on May 11, 2022, May 19, 2022, August 5, 2022, August 10, 2022, November 11, 2022 and February 13, 2023.

During the year, all recommendations made by the Committee were accepted by the Board.

The composition as at March 31, 2023 and the attendance of the members at the meeting are given below:

Name	Category	No. of Meetings held during his tenure and attended	
		Attended	Held
Mr. Arvind Kohli ¹	Independent Director	NA	NA
Mr. Ashok Tyagi ²	Independent Director, Chairman	6	6
Mr. Devendra Khanna ³	Non-Executive Director	2	2
Mr. Narendra Jain ⁴	Non-Executive Director	5	5
Mr. Rajiv Kumar Chaudhri ⁵	Independent Director, Chairman	4	5

Mr. Ravinder Arora	Independent Director	5	6
Mr. Sanjeev Kumar ^{6&7}	Non-Executive Director	1	1
Mr. Soumen Ray	Non-Executive Director	4	4
Mr. Surajit Mandal ⁸	Non-Executive Director	NA	NA

Notes:

1. Appointed as the member of Committee w.e.f. March 22, 2023.
2. Appointed as Chairman of the Committee w.e.f. March 22, 2023.
3. Ceased to be a member of the Committee w.e.f. May 19, 2022.
4. Ceased to be a member of the Committee w.e.f. December 05, 2022.
5. Ceased to be Chairman of Committee w.e.f. December 15, 2022 due to his sudden demise.
6. Appointed as a member of the Committee w.e.f. March 22, 2023.
7. Ceased to be the member of Committee w.e.f. April 15, 2023.
8. Appointed as the member of Committee w.e.f. April 15, 2023.

Key Responsibilities of the Audit Committee, inter-alia, includes:

- (1) oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
- (2) recommendation for appointment, remuneration and terms of appointment of auditors of the Company;
- (3) approval of payment to statutory auditors for any other services rendered by the statutory auditors;
- (4) reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the board for approval, with particular reference to:
 - (a) matters required to be included in the director's responsibility statement to be included in the board's report in terms of clause (c) of sub-section (3) of Section 134 of the Companies Act, 2013.
 - (b) changes if any, in accounting policies and practices and reasons for the same.
 - (c) major accounting entries involving estimates based on the exercise of judgment by management.
 - (d) significant adjustments made in the financial statements arising out of audit findings.
 - (e) compliance with listing and other legal requirements relating to financial statements.
 - (f) disclosure of any related party transactions.
 - (g) modified opinion(s) in the draft audit report.
- (5) reviewing, with the management, the quarterly financial statements before submission to the board for approval;
- (6) reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue, and making appropriate recommendations to the board to take up steps in this matter;
- (7) reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process;
- (8) approval or any subsequent modification of transactions of the Company with related parties;
- (9) scrutiny of inter-corporate loans and investments;
- (10) valuation of undertakings or assets of the Company, wherever it is necessary;
- (11) evaluation of internal financial controls and risk management systems;
- (12) reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
- (13) reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
- (14) discussion with internal auditors of any significant findings and follow up there on;
- (15) reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board;
- (16) discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
- (17) to look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
- (18) to review the functioning of the whistle blower mechanism;
- (19) approval of appointment of chief financial officer after assessing the qualifications, experience and background, etc. of the candidate;
- (20) Carrying out any other function as is mentioned in the terms of reference of the audit committee;
- (21) reviewing the utilization of loans and/ or advances from/investment by the holding company in the subsidiary

- exceeding rupees 100 crore or 10% of the asset size of the subsidiary, whichever is lower including existing loans / advances / investments existing as on the date of coming into force of this provision;
- (22) consider and comment on rationale, cost-benefits and impact of schemes involving merger, demerger, amalgamation etc., on the Company and its shareholders.

The audit committee shall mandatorily review the following information:

- (1) management discussion and analysis of financial condition and results of operations;
- (2) statement of significant related party transactions, submitted by management;
- (3) management letters / letters of internal control weaknesses issued by the statutory auditors;
- (4) internal audit reports relating to internal control weaknesses;
- (5) the appointment, removal and terms of remuneration of the chief internal auditor shall be subject to review by the audit committee;
- (6) statement of deviations:
 - (a) quarterly statement of deviation(s) including report of monitoring agency, if applicable.
 - (b) annual statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice.

Fees paid to statutory auditors

Total fees for all services paid by the Company to the statutory auditors for FY 2022-23 -

(in ₹ Mn.)

Total Fees paid*	5.43
-------------------------	-------------

*Total fees paid to statutory auditors includes the fees paid/payable for all the services for FY 2022-23.

Nomination and Remuneration Committee

In compliance with the requirements of Section 178 of the Companies Act, 2013 and the Regulation 19 of Listing Regulations, the Company has constituted a committee of the Board known as the Nomination and Remuneration Committee. During the financial year 2022-23, the Committee met 3 times i.e. on May 19, 2022, November 11, 2022 and February 13, 2023. The composition and the attendance of the members at the meeting are given below:

Name	Category	No. of Meetings held during his/ her tenure and attended	
		Attended	Held
Ms. Ajeeta Kahale ¹	Non-Executive Director	1	1
Mr. Arvind Kohli ²	Independent Director	N.A	N.A
Mr. Rajiv Kumar Chaudhri ³	Independent Director, Chairman	2	1
Mr. Ravinder Arora ⁴	Independent Director, Chairman	3	3
Mr. Soumen Ray ^{5&6}	Non-Executive Director	0	0
Ms. Vidyut Gulati ⁷	Non-Executive Director	2	2

Notes:

1. Ceased to be the member of Committee w.e.f. May 19, 2022.
2. Appointed as member of the committee w.e.f. March 22, 2023.
3. Ceased to be the Chairman of Committee w.e.f. December 15, 2022 due to his sudden demise.
4. Appointed as Chairman of Committee w.e.f. February 13, 2023.
5. Appointed as member of Committee w.e.f. February 13, 2023.
6. Ceased to be the member of Committee w.e.f. March 22, 2023.
7. Appointed as member of the committee w.e.f. May 20, 2022.

Key Responsibilities of the Nomination and Remuneration Committee, inter-alia, includes:

- (1) formulation of the criteria for determining qualifications, positive attributes and independence of a director and

recommend to the board of directors a policy relating to, the remuneration of the directors, key managerial personnel and other employees.

- (2) formulation of criteria for evaluation of performance of independent directors and the board of directors.
- (3) devising a policy on diversity of board of directors.
- (4) identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the board of directors their appointment and removal.
- (5) whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors.
- (6) recommend to the board, all remuneration, in whatever form, payable to senior management.
- (7) Review and recommend the structure, size and composition (including the skills, knowledge, experience and diversity) of the Board and Board Committees.
- (8) Identify and recommend to the board persons who are qualified to become directors and who may be appointed as key managerial personnel in accordance with the criteria laid down and their removal thereof.
- (9) Conduct an annual evaluation of overall effectiveness of the Board, the Committees of the Board and the performance of each director.
- (10) Recommend the appointment of any director to executive or other employment/place of profit in the Company.
- (11) Approve the remuneration payable to managerial personnel in case of no profit or inadequate profit take into account, financial position of the Company, trend in the industry, appointee's qualification, experience, past performance, past remuneration while bringing objectivity in determining the remuneration package while striking a balance between the interest of the Company and the shareholders.
- (12) All other Roles, Powers and duties as defined from time to time as per the Companies Act, 2013, or any re-enactment, amendment or modification thereto from time to time.

Stakeholders' Relationship Committee

In compliance with the requirements of Section 178 of the Companies Act, 2013 and the Regulation 20 of Listing Regulations, the Company has a committee of the Board known as the Stakeholders' Relationship Committee. There was one committee meeting held during the financial year ended March 31, 2023 i.e. on August 5, 2022. All Committee members attended the meeting. The composition of the Stakeholders' Relationship Committee is given below:

Name	Category	No. of Meetings held during his/ her tenure and attended	
		Attended	Held
Mr. Pankaj Tewari ¹	Non-Executive Director	N.A.	N.A.
Mr. Rahul Vatts ²	Non-Executive Director	1	1
Mr. Rajiv Kumar Chaudhri ³	Independent Director, Chairman	1	1
Mr. Ravinder Arora ^{1 & 4}	Independent Director, Chairman	N.A.	N.A.
Ms. Vidyut Gulati ²	Non-Executive Director	1	1

Notes:

1. Ceased as the member of Committee w.e.f. May 19, 2022.
2. Appointed as the member of Committee w.e.f. May 20, 2022.
3. Ceased to be the Chairman of Committee w.e.f. December 15, 2022 due to his sudden demise.
4. Appointed as Chairman of the Committee w.e.f. February 13, 2023.

Key Responsibilities of the Stakeholders' Relationship Committee, inter-alia, includes:

1. Resolving the grievances of the security holders of the Company including complaints related to transfer/transmission of shares, non-receipt of annual report, non-receipt of declared dividends, issue of

new/duplicate certificates, general meetings etc.;

2. Review of measures taken for effective exercise of voting rights by shareholders;
3. Review of adherence to the service standards adopted by the Company in respect of various services if being rendered by the Registrar & Share Transfer Agent;
4. Review of the various measures and initiatives taken by the Company for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the shareholders of the Company.

Compliance Officer

Ms. Richa Gupta Rohatgi acts as Company Secretary & Compliance Officer for complying with the requirements of the Listing Regulations and applicable laws.

Nature of Complaints and Redressal Status

During FY 2022-23, the Company did not receive any complaint from any shareholder/security holder.

Details of the investor complaints received during financial year 2022-23 are as follows:

Type of complaint	Received	Redressed	Pending as on March 31, 2023
Non-receipt of securities	Nil	Nil	Nil
Non-receipt of Annual Report	Nil	Nil	Nil
Non-receipt of dividend	Nil	Nil	Nil
Miscellaneous	Nil	Nil	Nil
Total	Nil	Nil	Nil

To redress investor grievances, the Company has a dedicated e-mail id, [bharti@hexacom@bharti.in](mailto:bhartihexacom@bharti.in) to which investors may send their grievances.

Risk Management Committee

In compliance with the requirements of Section 178 of the Companies Act, 2013 and the Regulation 21 of Listing Regulations, the Company has a committee of the Board known as the Risk Management Committee. During the year, the Committee met twice i.e. May 19, 2022, November 11, 2022. The composition of the Risk Management Committee and the attendance of the members at the meeting are given below:

Name	Category	No. of Meetings held during his/ her tenure and attended	
		Held	Attended
Ms. Ajeeta Kahale ¹	Non-Executive Director	1	1
Mr. Arvind Kohli ²	Independent Director	N.A.	N.A.
Mr. Narendra Jain ³	Non-Executive Director	2	2
Mr. Pankaj Tewari ¹	Non-Executive Director, Chairman	1	1
Mr. Rajiv Kumar Chaudhri ⁴	Independent Director	2	1
Mr. Ravinder Arora ⁵	Independent Director, Chairman	1	1

Mr. Sanjeev Kumar ⁶	Non-Executive Director	N.A.	N.A.
Mr. Soumen Ray ^{6&7}	Non-Executive Director	0	0
Mr. Surajit Mandol ⁸	Non-Executive Director	N.A.	N.A.
Ms. Vidyut Gulati ⁹	Non-Executive Director	1	1

Notes:

1. Ceased to be the member of Committee w.e.f. May 19, 2022.
2. Appointed as member of the Committee w.e.f. March 22, 2023.
3. Ceased to be the member of Committee w.e.f. December 05, 2022.
4. Ceased to be the member of Committee w.e.f. December 15, 2022 due to his sudden demise.
5. Appointed as Chairman of the Committee w.e.f. May 20, 2022
6. Appointed as member of the Committee w.e.f. February 13, 2023.
7. Ceased to be the member of Committee w.e.f. March 22, 2023.
8. Appointed the member of Committee w.e.f. April 15, 2023.
9. Appointed as member of the Committee w.e.f. May 20, 2022.

Key Responsibilities of the Risk Management Committee, inter-alia, includes:

- (1) To formulate a detailed risk management policy which shall include:
 - (a) A framework for identification of internal and external risks specifically faced by the Company, in particular including financial, operational, sectoral, sustainability (particularly, ESG related risks), information, cyber security risks or any other risk as may be determined by the Committee.
 - (b) Measures for risk mitigation including systems and processes for internal control of identified risks.
 - (c) Business continuity plan.
- (2) To ensure that appropriate methodology, processes and systems are in place to monitor and evaluate risks associated with the business of the Company.
- (3) To monitor and oversee implementation of the risk management policy, including evaluating the adequacy of risk management systems.
- (4) To periodically review the risk management policy, at least once in two years, including by considering the changing industry dynamics and evolving complexity.
- (5) To keep the board of directors informed about the nature and content of its discussions, recommendations and actions to be taken.
- (6) The appointment, removal and terms of remuneration of the Chief Risk Officer (if any) shall be subject to review by the Risk Management Committee.

Corporate Social Responsibility (CSR) Committee

In compliance with the requirements of Section 135 of the Companies Act, 2013, the Company has duly constituted the Corporate Social Responsibility Committee. During the financial year 2022-23, the Committee met one time i.e. on May 19, 2022. The composition and the attendance of the members are given below:

Name	Category	No. of Meetings held during her/his tenure and attended	
		Attended	Held
Ms. Ajeeta Kahale ¹	Non-Executive Director, Chairperson	1	1
Mr. Devendra Khanna ²	Non-Executive Director	1	1
Mr. Rajiv Kumar Chaudhri ³	Independent Director	1	1

Mr. Ravinder Arora ⁴	Independent Director	NA	NA
Mr. Soumen Ray ⁵	Non-Executive Director, Chairman	NA	NA
Ms. Vidyut Gulati ⁶	Non-Executive Director	NA	NA

Notes:

1. Ceased as Chairperson of Committee w.e.f. May 19, 2022.
2. Ceased as member of the Committee w.e.f. May 19, 2022.
3. Ceased to be the member of Committee w.e.f. December 15, 2022 due to his sudden demise.
4. Appointed as the member of the Committee w.e.f. February 13, 2023.
5. Appointed as the Chairman of the Committee w.e.f. May 20, 2022.
6. Appointed as the member of the Committee w.e.f. May 20, 2022.

Key Responsibilities of the Corporate Social Responsibility (CSR) Committee, inter-alia, includes:

- 1) Devise a robust monitoring mechanism to ensure that the CSR projects / programs are undertaken effectively in accordance with the approval granted and are fully in compliance with applicable laws, rules and Regulations. Monitoring of CSR activities could be done through:
 - a. Periodic third party assessment of key projects
 - b. Impact assessment with key indicators in our areas of operations
 - c. Regular review by CSR committee
- 2) Ensure that appropriate disclosures are made to the shareholders in the company's annual reports.

Corporate Social Responsibility Report for the year ended March 31, 2023

The Report on Corporate Social Responsibility for the financial year 2022-23 u/s 135 of the Companies Act, 2013 is annexed as **Annexure A** to the Boards' Report.

Committee of Directors

To cater various day-to-day requirements and to facilitate seamless operations, the Company has a formed a functional Committee known as Committee of Directors. The Committee comprises of three non-executive directors as its members.

The brief responsibilities of the Committee:

- Open/close/ change in authorization to operate any Bank/ Demat/ Subsidiary General Ledger (SGL) Accounts.
- Represent the Company before various Government, Semi-Government, Judicial, Quasi- Judicial and other statutory/ administrative authorities.
- Enter into, sign, execute and deliver all contracts for and on behalf of the Company.

D. GENERAL BODY MEETINGS

The details of last three Annual General Meetings (AGMs) are as follows:

Financial Year	Location/ Mode	Date	Time	Special Resolution passed
2021-22	Video Conferencing	September 30, 2022	11:30 A.M. (IST) to 11:50 A.M.	<ul style="list-style-type: none"> • Appointment of Mr. Ashok Tyagi as an Independent Director • Approval of remuneration payable to Mr. JS sDeepak (DIN: 02194470), Non-

				Executive Director of the Company and Chairman <ul style="list-style-type: none"> Re-appointment of Mr. Rajiv Kumar Chaudhri as an Independent Director
2020-21	Video Conferencing	September 23, 2021	11:30 A.M. (IST) to 11:50 A.M.	N.A.
2019-20	Video Conferencing	September 22, 2020	11:30 A.M. (IST) to 11:45 A.M.	<ul style="list-style-type: none"> Increase in Borrowing Limits of the Company pursuant to provisions of section 180(1)(c) of the Companies Act, 2013 Authorisation for private placement of secured / unsecured redeemable non-convertible debentures and / or other debt securities

Postal Ballot/ E-Voting

The Company did not pass any resolution through postal ballot during the financial year 2022-2023.

E. CODES, POLICIES AND FRAMEWORKS

Disclosure on Materially Significant Related Party Transactions that may have potential conflict with the interest of Company at large

The Board of Directors has formulated a Policy on dealing with Related Party Transactions pursuant to the provisions of the Act and the Listing Regulations. The Policy includes clear threshold limits and intends to ensure that proper reporting, approval and disclosure processes are in place for all transactions between the Company and related parties. The Policy is posted on the website of the Company at <https://www.bhartihexam.com.in/policies.html>.

Related Party Disclosure under Schedule V of the Listing Regulations

In compliance with the requirement of Listing Regulations, names of related parties and details of transactions with them have been included in Note No. 31 to the financial statements provided in this Annual Report.

Details of Non-compliance of any requirement of corporate governance

There were no instances of non-compliance by the Company for which any penalties or strictures were imposed on the Company by the Stock Exchanges and SEBI, or any statutory authority on any matter related to capital markets during the last three years.

Details of Compliances with the Non-mandatory Requirements of Regulation 27 of the Listing Regulations

The Company has adopted the non-mandatory requirements of Regulation 27 read with Part E of Schedule II of the SEBI Listing Regulations in following manner.

i. The Board

The Chairperson of the Company is a Non-Executive Director.

ii. Shareholders' Rights

The quarterly results of the Company are published in English newspaper (Mint-English Daily), having wide circulation in Delhi besides uploading the same on the website of the Company and can be accessed on <https://www.bhartihexacom.in/corporateGovernance.html>. In view of the forgoing, the quarterly results of the Company are not sent to the Shareholders individually. The complete copy of the Annual Report is sent to the shareholders/debenture holders of the Company.

iii. Modified/Un-Modified Opinion(s) in Audit Report

The Company believes in maintaining its accounts in a transparent manner and aims at receiving unqualified report of auditors on the financial statements of the Company. Auditors have issued their reports on the Standalone Financial statements / results for financial year ended March 31, 2023 with un-modified opinion.

iv. Separate persons hold the positions of Chairman, and Managing Director & CEO

Separate individuals hold the positions of Chairman of the Board and CEO.

v. Reporting of Internal Auditor

The Internal Auditor of the Company reports directly to the Audit Committee of the Company.

Subsidiary Company

The Company has no subsidiary company.

Material Subsidiary

Since the Company does not have a Subsidiary Company, the requirement of determining a material subsidiary is not applicable.

Whistle Blower Policy/Vigil Mechanism

The Company has adopted the Whistle Blower Policy and has established the necessary mechanism in line with the Stock Exchanges, for employees to report concerns about unethical behavior. No person has been denied access to the Audit Committee. The Vigil Mechanism as per Regulation 22 of Listing Regulations ensures standards of professionalism, honesty, integrity and ethical behavior. The Whistle Blower Policy/Vigil Mechanism is uploaded on the Company's website at the web link:

<https://www.bhartihexacom.in/docs/policies/Code%20of%20Conduct%20including%20Vigil%20Mechanism.pdf>.

Code of Conduct

In compliance with the Listing Regulations and the Companies Act, 2013, the Company has framed and adopted a Code of Conduct for all Directors and Senior Management Personnel. The code is available on the Company's website www.bhartihexacom.com. The Code is applicable to all Board members and Senior Management executives. Besides, the Company also procures a quarterly confirmation of material financial and commercial transactions entered into by Senior Management Personnel with the Company that may have a potential conflict of interest.

A declaration signed by the CEO, regarding affirmation of the compliance with the Code of Conduct by Board Members and Senior Management for the Financial Year ended March 31, 2023 is annexed as **Annexure A** to this report.

Along with the Code of Conduct for the Board members and Senior Management, the Company has also laid down a Code of Conduct for its employees. As a process, an annual confirmation is also sought from all employees. All employees are expected to confirm compliance to the Code annually.

Regular training programmes are conducted across locations to explain and reiterate the importance of adherence to the Code.

CEO and CFO Certification

The certificate required under Regulation 17(8) of the Listing Regulations, duly signed by the CEO and CFO was placed before the Board. The same is annexed as **Annexure B** to this report.

Certificate from the Company Secretary in practice pursuant to Schedule V of the Listing Regulations

Pursuant to Schedule V Para C clause (10)(i) of the Listing Regulations, the Company has obtained certificate from CL & Associates, Company Secretaries confirming that none of the directors on the board of the company have been debarred or disqualified from being appointed or continuing as directors of companies by the Board/ Ministry of Corporate Affairs or any such statutory authority is annexed to this report as **Annexure C**.

Prevention of Sexual Harassment

Company's commitment towards creating a respectful workplace that is free from any form of harassment and discrimination is exemplified by its 'zero-tolerance' approach towards any act of sexual harassment. The Company has a comprehensive policy which is in compliance with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. An Internal Complaints Committee (ICC) has been constituted as per procedure prescribed in the law. All such investigations are conducted as per the tenets of the law and the Company's policy. The list of ICC members has been prominently displayed across all offices in publicly accessible areas. Further, awareness and training sessions with respect to the Prevention of Sexual harassment at workplace are conducted for all employees, including our associates. Following are the details of sexual harassment cases for financial year 2022-23:

1. Number of complaints filed during the financial year - Nil
2. Number of complaints disposed off during the financial year - Nil
3. Number of complaints pending as at the end of the financial year - Nil

Disclosure of Loans and advances in the nature of loans to firms/companies in which directors are interested

During the Financial Year ended March 31, 2023, there are no loans or advances provided by the Company to firms/companies in which directors were interested.

Compliance with the Mandatory Requirements as Specified in Regulations 17 to 27 of the Listing Regulations

During the year, the Company has complied with all mandatory requirements as specified under Regulations 17 to 27 of the Listing Regulations except a) Regulation 17(1C) which requires that a listed entity shall ensure the approval of shareholders for appointment of a person on the Board of Directors at the next general meeting within or a time period of three months from the date of appointment, whichever is earlier b) approval of related party transactions from the shareholders pursuant to Regulation 23 (4) considering the bottle neck created since both the shareholders are related party of the Company.

The Company is committed towards good corporate governance and has taken necessary steps to ensure its adherence in true spirit.

Auditors' Certificate on Corporate Governance

The Company has complied with all the mandatory requirements of the Code of Corporate Governance as specified in Regulations 17 to 27 w.r.t. high value debt listed entity. In this regard, a certificate has been received from MMJB & Associates LLP, Company Secretaries affirming compliance of Corporate Governance during FY 2022-23 and the same is attached to as **Annexure C** to the Board's Report.

Equity Shares in the Suspense Account

In terms of Regulation 34 of the Listing Regulations, the details in respect of shares lying in the demat account Bharti Hexacom Limited- Unclaimed Suspense Account' as on March 31, 2023 are as under:

Particulars	Number of shareholders	Number of equity shares
Number of shareholders and aggregate number of shares as transferred to the Unclaimed Suspense Account outstanding as on April 1, 2022	N.A.	N.A.
Number of shareholders who approached the Company for transfer of shares and shares transferred from suspense account during the year	N.A.	N.A.
Aggregate Number of shareholders and the outstanding shares in the suspense account lying as on March 31, 2023	N.A.	N.A.

F. MEANS OF COMMUNICATION

Quarterly Results	Following the highest standards of Corporate Governance, the Company has been announcing its audited financial results on quarterly basis. The results are published in prominent daily newspapers, viz. Mint (English daily), Neaps portal of NSE and also uploaded on the Company's website at www.bhartihexacom.in
Newspapers wherein results normally published	The results are published in prominent daily newspapers, viz. Mint (English daily).
Website of the Company	www.bhartihexacom.in
Whether it also displays official news releases	Yes, wherever applicable.
The Presentations made to institutional investors or to the analysts	Not applicable

G. GENERAL SHAREHOLDER INFORMATION 28th Annual General Meeting

Date : September 29, 2023
 Day : Friday
 Time : 11:30 A.M.
 Venue : Through Video Conference

Financial Year

The Company has adopted the Financial Year of 12 months ending in March every year.

Dividend and Dividend Pay-out Date

The Board of Directors in their meeting held on May 30, 2023 had recommended a dividend of Rs. 3/- per fully paid up equity share of the Company. The dividend if declared at the AGM shall be paid to the shareholders within 30 days from the AGM.

The name and address of each stock exchange(s) at which the listed entity's securities are listed and a confirmation about payment of annual listing fee to each of such stock exchange(s)

The Company has listed its debt securities on:

National Stock Exchange of India Limited
Exchange Plaza, 5th Floor, Plot no. C/1, G Block, Bandra- Kurla Complex, Bandra (East), Mumbai – 400 051.

The Company has paid the annual listing and custodian fees for the financial year 2023 – 2024 to the Stock Exchanges and Depositories.

Stock Code: NA

Stock Market Data

The Company has not listed its equity shares on any stock exchange. Hence, this requirement is not applicable.

Performance in comparison to broad based indices

Since the equity shares of the Company are not listed on any exchange, no comparative data is available.

Suspension of Company's securities

The Company's securities have never been suspended from trading since its listing.

Registrar and Share Transfer Agent (RTA)

The RTA activities of the Company are being handled by KFin Technologies Limited, its contact details are as follows:

KFin Technologies Limited

Selenium Tower B, Plot number 31 & 32,
Gachibowli, Financial District, Nanakramguda,
Hyderabad – 500032, India
Telephone no. 040-67162222
Fax No. 040-23001153
Website: www.kfintech.com

Share Transfer System

The Company has not listed its equity shares on any stock exchange. Hence, this requirement is not applicable

Distribution of shareholding

By number of shares held as on March 31, 2023

S. No.	Category (by no. of shares)	No. of shareholders	Amount of share Capital (in Rs.)	% of shares
1	1-5000	5	50	0
2	5001-10000	0	0	0
3	10001-20000	0	0	0

4	20001-30000	0	0	0
5	30001-40000	0	0	0
6	40001-50000	0	0	0
7	50001-100000	0	0	0
8	100001 and above	2	2,499,999,950	100
	Total	7	2,500,000,000	100

By Category of holders as on March 31, 2023

S. No.	Category	Number of Shares	%
I.	Promoter & Promoter Group		
	(i) Indian	175,000,000	70
	(ii) Foreign	0	0
	Total - Promoter & Promoter Group	175,000,000	70
II.	Public Shareholding		
	Institutions		
	(i) Mutual Funds	0	0
	(ii) Alternative Investment Fund	0	0
	(iii) Foreign Portfolio Investors	0	0
	(iv) Financial Institutions/Banks	0	0
	(v) Insurance Companies	0	0
	(vi) Qualified Institutional Buyer	0	0
	Total – Institutions	0	0
	(i) Individual shareholders holding nominal share capital up to Rs.2 lakhs	0	0
	(ii) Individual shareholders holding nominal share capital in excess of Rs. 2 Lakhs	0	0
	(iii) NBFCs Registered with RBI	0	0
	(iv) Trust	0	0
	(v) Non Resident Indians	0	0
	(vi) Clearing Members	0	0
	(vii) Non Resident Indian Non Repatriable (NRN)	0	0
	(viii) Bodies Corporate	75,000,000	25
	(ix) IEPF	0	0
	Total - Non-Institutions	0	0
	Total - Public Shareholding	75,000,000	25
III.	Non Promoter-Non Public - Shares	0	0
	Total	25,00,00,000	100

Outstanding GDRs / ADRs / Warrants or any Convertible instruments, conversion date and likely impact on equity

The Company does not have any outstanding GDRs / ADRs / Warrants or any Convertible instruments as on date.

Commodity price risk or foreign exchange risk and hedging activities

The nature of the business of the Company is such that it does not involve any material risk on account of foreign exchange and commodity prices. Therefore, the Company has not undertaken any hedging activities during the year.

Plant Locations

Being a service provider company, Bharti Hexacom Limited has no plant locations.

Address for Correspondence with the Company

Nature of Communication	Contact details
For Debenture holders holding debentures in physical or in demat form	<p>KFin Technologies Limited</p> <p>Selenium Tower B, Plot number 31 & 32, Gachibowli, Financial District, Nanakramguda, Hyderabad – 500032, India</p> <p>Telephone no. 040-67162222</p> <p>Fax No. 040-23001153</p> <p>Website: www.kfintech.com</p>
Debenture Trustee details	<p>Axis Trustee Services Limited</p> <p>The Ruby, 2nd Floor, SW, 29 Senapati Bapat Marg, Dadar West, Mumbai – 400028</p> <p>Tel: +91-22-62300451</p> <p>Fax: 022-43253000</p> <p>Email: debenturetrustee@axistrustee.in; compliance@axistrustee.in</p>
Compliance Matter	<p>Compliance Officer</p> <p>Richa Gupta Rohatgi</p> <p>Bharti Crescent, 1, Nelson Mandela Road, Vasant Kunj, Phase - II, New Delhi 110070, India</p> <p>Tel No.: +91-11-4666 6100 Fax: +91-11-4666 6137</p> <p>Email id: bhartihexacom@bharti.in</p>

Credit Rating

In comparison to last year, the credit rating of the Company has remained the same i.e. “AA+/Stable” for the Debentures issued by the Company. The instruments with this rating are considered to have high degree of safety regarding timely servicing of financial obligation. Such instruments carry very low credit risk. Further, CRISIL and India Research have maintained a rating of “A1+” for the Commercial Papers issued by the Company.

DECLARATION

I hereby confirm that the Company has received from all members of the Board and Senior Management, for the financial year ended March 31, 2023, a confirmation that they are in compliance with the Company's Code of Conduct.

For Bharti Hexacom Limited

Marut Dilawari

Chief Executive Officer

Date:30.05.2023

Place: Delhi

CERTIFICATION

We, Marut Dilawari, CEO and Kamal Dua, Chief Financial Officer of Bharti Hexacom Limited, to the best of our knowledge and belief hereby certify that:

- (a) We have reviewed financial statements and the cash flow statement for the year ended March 31, 2023 and that to the best of our knowledge and belief:
 - (i) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - (ii) These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and Regulations.
- (b) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.
- (c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- (d) We have indicated to the Auditors and the Audit Committee:
 - (i) Significant changes in internal control over financial reporting during the year;
 - (ii) Significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
 - (iii) Instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

Date:30.05.2023
Place: New Delhi

Marut Dilawari
CEO

Kamal Dua
Chief Financial Officer

CL & Associates, Company Secretaries

D-20/1, Third Floor, Chhatarpur Enclave, Phase - II, New Delhi-110074, India

Tel: +91 11-2630 2076; E-mail: support@corp-nexus.com

Certificate of Non-Disqualification of Directors

(Pursuant to Regulation 34(3) read with Schedule V Para C clause (10)(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

To,

The Members

Bharti Hexacom Limited

Bharti Crescent, 1, Nelson Mandela Road,

Vasant Kunj, Phase - II, New Delhi 110070, India

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of Bharti Hexacom Limited having CIN U74899DL1995PLC067527 and having registered office at Bharti Crescent, 1, Nelson Mandela Road, Vasant Kunj, Phase - II, New Delhi 110070, India (hereinafter referred to as 'the Company'), produced before us by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In our opinion and to the best of our information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to us by the Company & its officers, We hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ended on March 31, 2023 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such other Statutory Authority:

SL No.	Name of Director	DIN	Original date of appointment in Company
1.	Mr. Arvind Kohli	00001920	March 22, 2023
2.	Mr. Ashok Tyagi	00784563	February 14, 2022
3.	Mr. Devendra	01996768	August 10, 2013
4.	Mr. Jagdish Saksena Deepak	02194470	May 20, 2022
5.	Mr. Rahul Vatts	08877577	May 20, 2022
6.	Mr. Ravinder Arora	00050336	January 14, 2021
7.	Mr. Sanjeev Kumar	07566882	February 01, 2021
8.	Mr. Soumen Ray	09484511	February 14, 2022
9.	Ms. Vidyut Gulati	08205324	May 20, 2022

Ensuring the eligibility for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

**For CL & Associates
Company Secretaries**

Hchawla
Harish Chawla

Partner

Membership No. F9002

CP No. 15492

PR No. 1423/2021

UDIN: F009002E000313900

Date: May 16, 2023

Place: New Delhi

INDEPENDENT AUDITOR'S REPORT

**To The Members of BHARTI HEXACOM LIMITED
Report on the Audit of the Financial Statements**

Opinion

We have audited the accompanying financial statements of **BHARTI HEXACOM LIMITED** ("the Company"), which comprise the Balance Sheet as at 31st March 2023, and the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows and for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid 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 31 March 2023, and its profit, total comprehensive income, the changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

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

Key Audit Matters

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



Sr. No.	Key Audit Matter	Auditor's Response
1	<p>Revenue from operations:</p> <p>We considered accuracy of revenues relating to prepaid and postpaid business of Mobile services as a key audit matter because of the complexity of the IT systems, significance of volumes of data processed by the IT systems and the impact of changing pricing models (tariff structures, incentive arrangements and discounts, etc.).</p> <p>Refer note 2.16 "Revenue recognition" for accounting policies, note 3.2.a 'Revenue recognition and presentation' under the head 'Critical judgements in applying the Company's accounting policies' and note 21 on disclosures related to Revenue from operations in the financial statements.</p>	<p>Principal Audit Procedures</p> <p>We obtained an understanding, evaluated the design and tested the operating effectiveness of (i) the general IT controls, automated controls, control over plan configuration and system generated reports relevant for revenue recognition by involving our IT specialist; and (ii) controls over recording of revenue relating to Mobile Services.</p> <p>We tested inter se reconciliations between relevant IT systems (such as billing system, prepaid application systems, active customer database) and with general ledger, and performed verification of revenue recognised, deferred and unbilled revenue. We also performed procedures to test the computation of deferred revenue.</p> <p>We made test calls to determine the accuracy of revenue recorded.</p> <p>We verified the appropriateness of the accounting policies and the disclosures related to Revenue from operations in notes 2.16, 3.2.a and 21 respectively in the financial statements.</p>
2	<p>Provisions and contingencies relating to regulatory and tax matters:</p> <p>The Company has recognised provisions for probable outflows relating to tax and regulatory matters and have disclosed contingencies for tax and regulatory matters where the obligations are considered possible. The Company in consultation with the legal, tax and other advisers assess a likelihood that a pending matter relating to tax or regulatory will succeed. In performing this assessment, the Company has applied judgement and accordingly, has recognised provision where economic outflows are probable and disclosed contingent liabilities where economic outflows are considered possible.</p> <p>We have considered the provisions recorded and the contingencies</p>	<p>Principal Audit Procedures:</p> <p>We obtained an understanding, evaluated the design and tested the operating effectiveness of internal controls relating to:</p> <p>(1) identification, evaluation, recognition of provisions, disclosure of contingencies for matters under review or appeal with relevant adjudicating authorities by considering the assumptions and information used by management in performing this assessment;</p> <p>(2) completeness and accuracy of the underlying data / information used in the assessment.</p> <p>For tax matters, with the help of our tax specialist, we evaluated the reasonableness of the management's positions by considering tax regulations and past decisions from tax authorities,</p>



**Deloitte
Haskins & Sells LLP**

Sr. No.	Key Audit Matter	Auditor's Response
	<p>relating to tax and regulatory matters as a key audit matter as there is significant judgement to determine the possible outcome of matters under dispute and determining the amounts involved, which may vary depending on the outcome of the matters.</p> <p>Refer note 2.15 "Contingencies" for accounting policies, note 3.1.d 'Contingent liabilities and provisions' under the head "Key sources of estimation uncertainties", note 17 "Provisions" for disclosure related to provisions for subjudice matters, note 4(ii) for AGR matter and Note 20.(I) in respect of details of Contingent liabilities in the financial statements.</p>	<p>new information and opinions obtained by the Company from its external tax advisors, where applicable.</p> <p>For regulatory matters, we evaluated the reasonableness of the management's positions by considering relevant assessment orders, court judgements, statutes, interpretations and amendments, circulars and external legal opinion obtained by the Company, where applicable.</p> <p>We also evaluated the disclosures provided in the notes to the financial statements concerning these matters.</p>

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

- The Company's Board of Directors is responsible for the other information. The other information comprises the Board of Director's report including annexures but does not include the financial statements and our auditor's report thereon.
- Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.
- In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.
- If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance 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 statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.



RC PS

Deloitte Haskins & Sells LLP

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 the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

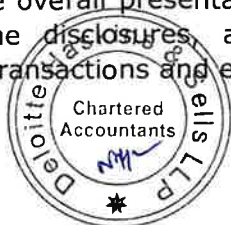
The Company's Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibility for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to financial statements 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.



RC AS

Deloitte Haskins & Sells LLP

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

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

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

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

Report on Other Legal and Regulatory Requirements

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

- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, Statement of Changes in Equity and the Statement of Cash Flows dealt with by this Report are in agreement with the relevant books of account.
- d) In our opinion, the aforesaid financial statements comply with the Ind AS specified under Section 133 of the Act.
- e) On the basis of the written representations received from the directors as on 31st March, 2023 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2023 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 with reference to financial statements 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 with reference to financial statements.



RC AS

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

In our opinion and to the best of our information and according to the explanations given to us, the Company has not made any payments towards managerial remuneration to its directors during the year and hence requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act are not applicable.

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

- i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements - Refer Note 20.(I) to the financial statements;
- ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
- iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
- iv. (a) The Management has represented that, to the best of its knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(b) The Management has represented, that, to the best of its knowledge and belief, no funds have been received by the Company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(c) Based on the audit procedures performed that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.
- v. As stated in note 14(e) to the financial statements, the Board of Directors of the Company has proposed dividend for the year which is subject to the approval of the members at the ensuing Annual General Meeting. The dividend proposed is in accordance with section 123 of the Act, as applicable.



Deloitte Haskins & Sells LLP

- vi. Proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 for maintaining books of account using accounting software which has a feature of recording audit trail (edit log) facility is applicable to the Company w.e.f. April 1, 2023, and accordingly, reporting under Rule 11(g) of Companies (Audit and Auditors) Rules, 2014 is not applicable for the financial year ended March 31, 2023.
2. As required by the Companies (Auditor's Report) Order, 2020 ("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 Lahoti
(Partner)
(Membership No. 130054)
(UDIN: 23130054BGYYXZ1854)

Place: Gurugram
Date: May 30, 2023



RC RS

**ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT
(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)**

Report on the Internal Financial Controls with reference to standalone financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls with reference to financial statements of **Bharti Hexacom Limited** ("the Company") as of March 31, 2023 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements of the Company based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls with reference to standalone financial statements. 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 with reference to standalone financial statements 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 with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, 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 with reference to financial statements .



RC PS

Deloitte Haskins & Sells LLP

Meaning of Internal Financial Controls with reference to standalone financial statements

A company's internal financial control with reference to financial statements 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 with reference to financial statements 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 with reference to financial statements

Because of the inherent limitations of internal financial controls with reference to financial statements, 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 with reference to financial statements to future periods are subject to the risk that the internal financial control with reference to standalone financial statements 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 with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2023, based on the criteria for internal financial control with reference to financial statements 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)



Place: Gurugram
Date: May 30, 2023

Nilesh H. Lahoti
(Partner)
(Membership No. 130054)
(UDIN: 23130054BGYYXZ1854)

ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT

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

In terms of the information and explanations sought by us and given by the Company and the books of account and records examined by us in the normal course of audit and to the best of our knowledge and belief, we state that:

- (i) In respect of Property, Plant and Equipment and Intangible Assets:-
- (a) A. The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment, capital work-in-progress and relevant details of right of use assets except in the case of certain Plant and Machinery, where the Company is in the process of updating the records for quantity and situation of these assets.
- B. The Company has maintained proper records showing full particulars of intangible assets.
- (b) The Company, except for customer premises equipment, bandwidth and certain assets which due to their nature or location are not verifiable, has a program of verification of property, plant and equipment, capital work in-progress, and right-of-use assets so to cover all the items once every 3 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 Property, Plant and Equipment, capital work-in progress and right of use assets were due for verification during the year and were physically verified by the Management during the year. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
- (c) Based on our examination of the registered sale deed / transfer deed / conveyance deed provided to us, we report that, the title deeds of all the immovable properties, (other than immovable properties where the Company is the lessee and the lease agreements are duly executed in favor of the Company) disclosed in the financial statements included in (property, plant and equipment and capital work-in progress) are held in the name of the Company as at the balance sheet date.
- (d) The Company has not revalued any of its property, plant and equipment (including Right of Use assets) and intangible assets during the year.
- (e) No proceedings have been initiated during the year or are pending against the Company as at 31 March 2023 for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (as amended in 2016) and rules made thereunder.



RC BS

- (ii) In respect of Inventory:
- (a) The Company does not have any inventory and hence reporting under clause 3 (ii) of the order is not applicable to the Company.
- (b) According to the information and explanations given to us, at any point of time of the year, the Company has not been sanctioned any working capital facility from banks or financial institutions on the basis of security of current assets, and hence reporting under clause (ii)(b) of the Order is not applicable.
- (iii) The Company has not made any investments in, provided any guarantee or security, and granted any loans or advances in the nature of loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or any other parties during the year, and hence reporting under clause (iii) of the Order is not applicable.
- (iv) The Company has not granted any loans, made investment or provided guarantees or securities and hence reporting under clause (iv) of the Order is not applicable.
- (v) The Company has not accepted any deposit or amounts which are deemed to be deposits. Hence, reporting under clause (v) of the Order is 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 books of account maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended, prescribed by the Central Government for maintenance of cost records under Section 148(1) of the Companies Act, 2013, and are of the opinion that, prima facie, the prescribed cost records have been made and maintained by the Company. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- (vii) In respect of statutory dues:
- (a) Undisputed statutory dues, including Goods and Service tax, Provident Fund, Employees' State Insurance, Income-tax, Duty of custom, cess and other material statutory dues applicable to the Company have been regularly deposited by it with the appropriate authorities in all cases during the year. Sales tax, service tax, value added tax and duties of excise is not applicable on the Company.
- There were no undisputed amounts payable in respect of Goods and Service tax, Provident Fund, Employees' State Insurance, Income-tax, Duty of custom, cess and other material statutory dues in arrears as at March 31, 2023 for a period of more than six months from the date they became payable.
- (b) Details of statutory dues referred to in sub-clause (a) above which have not been deposited as on March 31, 2023 on account of disputes are given below:



Name of Statute	Nature of dues	Amount Disputed (In Rs Mn)	Period to which the Amount Relates	Forum where dispute is pending
Custom Act, 1962	Custom Act	182	2001-2005	Supreme Court
Sub Total (A)		182		
Finance Act, 1994 (Service tax)	Service Tax	603	2006-2013	High Court
Finance Act, 1994 (Service tax)	Service Tax	45	2007-2013	Tribunal
Sub Total (B)		648		
Income Tax Act, 1961	Income Tax	530	FY 2002-03; FY 2003-04 to FY 2013-14	Supreme Court
Income Tax Act, 1961	Income Tax	136	FY 2008-09; FY 2005-10, FY 2011-13	High Court
Income Tax Act, 1961	Income Tax	7,206	FY 2015-16 to FY 2018-19	Income Tax Appellate Tribunal (ITAT)
Sub Total (C)		7,872		
Grand Total (A+B+C)		8,702		

The above-mentioned figures represent the total disputed cases without any assessment of probable, possible and remote, as done in case of contingent liabilities. Of the above cases, total amount paid under protest in respect of duties of custom, service tax and income tax is Rs. 91 million, Rs. 4 million and Rs.192 million respectively.

- (viii) There were no transactions relating to previously unrecorded income that were surrendered or disclosed as income in the tax assessments under the Income Tax Act, 1961 (43 of 1961) during the year.
- (ix) In respect of loans and borrowings:
- In our opinion, the Company has not defaulted in the repayment of loans or other borrowings or in the payment of interest thereon to any lender during the year.
 - The Company has not been declared willful defaulter by any bank or financial institution or government or any government authority.
 - The Company has not taken any term loan during the year and there are no unutilised term loans at the beginning of the year and hence, reporting under clause (ix)(c) of the Order is not applicable.
 - On an overall examination of the financial statements of the Company, funds raised on short-term basis have, prima facie, not been used during the year for long-term purposes by the Company. Refer Note 15 to the financial statements.
 - The Company did not have any subsidiaries or associates or joint ventures during the year, hence reporting under clause (ix)(e) and (ix)(f) are not applicable.



RC PS

- (x) In respect of issue of securities:
- (a) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) during the year and hence reporting under clause (x)(a) of the Order is not applicable.
- (b) During the year, the Company has not made any preferential allotment or private placement of shares or convertible debentures (fully or partly or optionally) and hence reporting under clause (x)(b) of the Order is not applicable to the Company.
- (xi) In respect of Fraud:
- (a) To the best of our knowledge, no fraud by the Company and no material fraud on the Company has been noticed or reported during the year.
- (b) To the best of our knowledge, no report under sub-section (12) of section 143 of the Companies Act has been filed in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government, during the year and upto the date of this report.
- (c) We have taken into consideration the whistle blower complaints received by the Company during the year (and upto the date of this report) and provided to us, when performing our audit.
- (xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the Order is not applicable.
- (xiii) In our opinion, the Company is in compliance with Section 177 and 188 of the Companies Act, 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) In respect of internal audit:
- (a) In our opinion the Company has an adequate internal audit system commensurate with the size and the nature of its business.
- (b) We have considered, the internal audit reports issued to the Company during the year and covering the period upto March 31, 2023.
- (xv) In our opinion during the year, the Company has not entered into any non-cash transactions with any of its directors or directors of its holding company, subsidiary company, associate company or persons connected with such directors and hence provisions of section 192 of the Companies Act, 2013 are not applicable to the Company.
- (xvi) (a) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Hence, reporting under clause (xvi)(a), (b) and (c) of the Order is not applicable.



RS

- (b) The Group does not have more than one CIC as part of the group.
- (xvii) The Company has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year.
- (xviii) There has been no resignation of the statutory auditors of the Company during the year.
- (xix) On the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements and our knowledge of the Board of Directors and Management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report indicating that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.
- (xx) The Company has losses on the basis of average of net profits /(losses) incurred during the three immediately preceding financial years and hence, it is not required to spend any money under sub-section (5) of section 135 of the Act. Accordingly, reporting under clause (xx) of the Order is not applicable for the year.



Place: Gurugram
Date: May 30, 2023

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

A handwritten signature in blue ink, appearing to read "Nilesh H. Lahoti".

Nilesh H. Lahoti
(Partner)
(Membership No. 130054)
(UDIN: 23130054BGYYXZ1854)

Handwritten initials in blue ink, "RC" and "RS".

Bharti Hexacom Limited
Ind AS Financial Statements
March 31, 2023

Bharti Hexacom Limited

Ind AS Financial Statements – March 31, 2023

Contents	Page No.
1. Independent Auditor's Report	4 - 11
2. Ind AS Financial Statements	
- Balance Sheet as of March 31, 2023 and March 31, 2022	13
- Statement of Profit and Loss for the year ended March 31, 2023 and March 31, 2022	14
- Statement of Changes in Equity for the year ended March 31, 2023 and March 31, 2022	15
- Statement of Cash Flows for the year ended March 31, 2023 and March 31, 2022	16
- Notes to Financial Statements	17

Independent Auditor's Report

Ind AS Financial Statements

Bharti Hexacom Limited

Balance Sheet

(All amounts are in millions of Indian Rupee)

	Notes	As of	
		March 31, 2023	March 31, 2022
Assets			
Non-current assets			
Property, plant and equipment	5	40,708	38,400
Capital work-in-progress	5	4,563	641
Right-of-use assets	32	26,390	16,324
Intangible assets	6	44,643	47,612
Intangible assets under development	6	14,797	-
Financial assets			
- Investments	7	0	0
- Other financial assets	8	5,290	4,463
Income tax assets (net)		3,249	3,052
Deferred tax assets (net)	9	7,629	9,474
Other non-current assets	10	6,284	6,554
		153,553	126,520
Current assets			
Financial assets			
- Investments	7	10,460	490
- Trade receivables	11	1,489	20,958
- Cash and cash equivalents	12	555	885
- Other bank balances	13	332	324
- Other financial assets	8	9,119	8,787
Other current assets	10	7,021	8,779
		28,976	40,223
Total assets		182,529	166,743
Equity and liabilities			
Equity			
Equity share capital	14	2,500	2,500
Other equity		39,595	34,105
		42,095	36,605
Non-current liabilities			
Financial liabilities			
- Borrowings	15	47,299	48,078
- Lease liabilities		25,451	15,303
- Other financial liabilities	16	0	3
Deferred revenue	21	6,029	4,746
Provisions	17	234	218
		79,013	68,348
Current liabilities			
Financial liabilities			
- Borrowings	15	15,394	23,905
- Lease liabilities		3,892	3,398
- Trade payables			
-total outstanding dues of micro enterprise and small enterprise	18	26	20
-total outstanding dues of creditors other than micro enterprise and small enterprise	18	14,380	14,932
- Other financial liabilities	16	10,261	3,760
Deferred revenue	21	4,749	4,166
Provisions	17	11,032	10,256
Current tax liabilities (net)		624	624
Other current liabilities	19	1,063	729
		61,421	61,790
Total liabilities		140,434	130,138
Total equity and liabilities		182,529	166,743

The accompanying notes 1 to 36 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: Gurugram
Date: May 30, 2023

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


Manu Dilawari

Chief Executive Officer


Kamal Dua

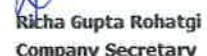
Chief Financial Officer

Place: New Delhi


Jagdish Saksena Deepak

Director

DIN: 02194470


Richa Gupta Rohatgi

Company Secretary



Bharti Hexacom 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, 2023	March 31, 2022
Income			
Revenue from operations	21	65,790	54,052
Other income	21.1	1,402	888
		67,192	54,940
Expenses			
Network operating expenses	22	15,863	14,862
Access charges		9,833	11,331
License fee / Spectrum charges		6,329	5,718
Employee benefits expense	23	903	764
Sales and marketing expenses	24	3,067	1,993
Other expenses	25	1,938	1,244
		37,933	35,912
Profit before depreciation, amortisation, finance costs, exceptional items and tax		29,259	19,028
Depreciation and amortisation expenses	26	15,533	14,410
Finance costs	27	6,388	5,718
Profit / (loss) before exceptional items and tax		7,338	(1,100)
Exceptional items	28	-	(19,511)
Profit before tax		7,338	18,411
Tax expense			
Current tax	9	-	(27)
Deferred tax	9	1,846	1,692
		1,846	1,665
Profit for the year		5,492	16,746
Other comprehensive income:			
Items not to be reclassified to profit or loss:			
Re-measurement loss on defined benefit plans		(3)	(1)
Tax credit		1	0
Other comprehensive loss for the year		(2)	(1)
Total comprehensive income for the year		5,490	16,745
Earnings per share (Face value : Rs. 10 each)			
Basic and diluted earnings per share	29	21.97	66.98

The accompanying notes 1 to 36 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: Gurugram
Date: May 30, 2023

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



Marut Dilawari
Chief Executive Officer



Kamal Dua
Chief Financial Officer

Place: New Delhi



Jagdish Saksena Deepak
Director

DIN: 02194470



Richa Gupta Rohatgi
Company Secretary



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

	Equity share capital		Other equity - Reserves and surplus					Total	Total equity
	No. of shares (in '000)	Amount	Securities premium	Retained earnings	General reserve	Capital reserve	Capital redemption reserve		
As of April 1, 2021	250,000	2,500	1,040	14,547	900	873	0	17,360	19,860
Profit for the year	-	-	-	16,746	-	-	-	16,746	16,746
Other comprehensive loss (net of tax)	-	-	-	(1)	-	-	-	(1)	(1)
Total comprehensive income	-	-	-	16,745	-	-	-	16,745	16,745
As of March 31, 2022	250,000	2,500	1,040	31,292	900	873	0	34,105	36,605
Profit for the year	-	-	-	5,492	-	-	-	5,492	5,492
Other comprehensive loss (net of tax)	-	-	-	(2)	-	-	-	(2)	(2)
Total comprehensive income	-	-	-	5,490	-	-	-	5,490	5,490
As of March 31, 2023	250,000	2,500	1,040	36,782	900	873	0	39,595	42,095

The accompanying notes 1 to 36 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)



Nitesh H. Lahoti
Partner
 Membership No: 130054



Place: Gurugram
 Date: May 30, 2023

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



Marut Dilawari
Chief Executive Officer



Kamal Dua
Chief Financial Officer

Place: New Delhi



Jagdish Saksena Deepak
Director

DIN: 02194470


Richa Gupta Rohatgi
Company Secretary



Bharti Hexacom Limited
Statement of Cash Flows

(All amounts are in millions of Indian Rupee)

	For the year ended	
	March 31, 2023	March 31, 2022
Cash flows from operating activities		
Profit before tax	7,338	18,411
Adjustments for:		
Depreciation and amortisation expenses	15,533	14,410
Finance costs	6,374	5,713
Interest income	(85)	(24)
Net gain on Fair value through profit and loss (FVTPL) Investments	(290)	(19)
Provision for doubtful debts / bad debts written off	397	261
Other non-cash items (net)	34	(36)
Operating cash flow before changes in assets and liabilities	29,301	38,716
Changes in assets and liabilities		
Trade receivables	19,075	(19,791)
Trade payables	(769)	(7,727)
Provisions	652	659
Other financial and non-financial liabilities	2,056	89
Other financial and non-financial assets	966	782
Net cash generated from operations before tax	51,281	12,728
Income tax paid - (net)	(197)	(148)
Net cash generated from operating activities (a)	51,084	12,580
Cash flows from investing activities		
Purchase of property, plant and equipment and capital-work-in-progress	(9,448)	(13,487)
Proceeds from sale of property, plant and equipment	57	149
Purchase of current investments (net)	(9,680)	(471)
Payment towards Spectrum (including deferred payment liability)*	(1,321)	(41)
Interest received	83	25
Net cash used in investing activities (b)	(20,309)	(13,825)
Cash flows from financing activities		
Proceeds from borrowings	-	65,185
Repayment of borrowings	(24,400)	(55,968)
Repayment of short-term borrowings (net)	(28)	(1,102)
Interest and other finance charges paid	(3,855)	(2,823)
Payment of lease liabilities	(2,831)	(3,461)
Net cash (used) / generated from financing activities (c)	(31,114)	1,831
Net (decrease) / increase in cash and cash equivalents during the year (a+b+c)	(339)	586
Add : Cash and cash equivalents as at the beginning of the year	863	277
Cash and cash equivalents as at the end of the year (refer note 13)	524	863

*Cash flows towards spectrum acquisitions are based on timing of payouts to Department of Telecommunications ('DoT') (viz upfront/deferred-refer note 4(ii)).

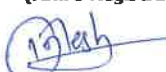
The above Statement of Cash Flows has been prepared under the "Indirect Method" as set out in Ind AS 7 "Statement of Cash Flows".

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

The accompanying notes 1 to 36 are integral part of these Financial Statements.

As per our report of even date
For Deloitte Haskins & Sells LLP
Chartered Accountants

(Firm's Registration No: 117366W / W-100018)

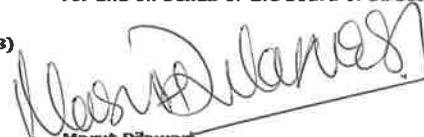


Nilesh H. Lahoti
Partner
Membership No: 130054



Place: Gurugram
Date: May 30, 2023

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

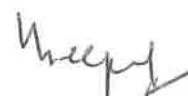


Marut Dilwari
Chief Executive Officer



Kamal Dua
Chief Financial Officer

Place: New Delhi



Jagdish Saksena Deepak
Director
DIN: 02194470



Richa Gupta Rohatgi
Company Secretary



Bharti Hexacom Limited
Notes to Financial Statements

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

1. Corporate information

Bharti Hexacom Limited ('the Company' or 'BHL') (CIN: U74899DL1995PLC067527) is domiciled and incorporated in India as a public limited company. The registered office of the Company is situated at Bharti Crescent, 1, Nelson Mandela Road, Vasant Kunj, Phase – II, New Delhi – 110070.

The Company's principal shareholders are Bharti Airtel Limited and Telecommunications Consultants India Limited. The Company is providing telecom services in Rajasthan and North East telecom circles in terms of Unified License (with Access Service Authorization) granted by the Department of Telecommunications ('DoT'), Government of India ('GoI').

2. Summary of significant accounting policies

2.1 Basis of preparation

These Financial Statements have been prepared to comply in all material respects with the Indian Accounting Standards ('Ind AS') as notified by the Ministry of Corporate Affairs ('MCA') under section 133 of the Companies Act, 2013 ('Act'), read together with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time) and other accounting principles generally accepted in India.

The Financial Statements are approved for issue by the Company's Board of Directors on May 30, 2023.

The Financial Statements are based on the classification provisions contained in Ind AS 1, 'Presentation of Financial Statements' and division II of schedule III (as amended) to the Act. Further, for the purpose of clarity, various items are aggregated in the Balance Sheet, Statement of Profit and Loss, Statement of Changes in Equity, Statement of Cash Flows and accompanying notes. Nonetheless, these items are disaggregated 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, due to rounding off, certain amounts 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 and/ or amendments during the year.



New amendments adopted during the year

Amendments to Ind AS

MCA vide notification no. G.S.R. 419(E) dated March 23, 2022 has issued the Companies (Indian Accounting Standards) Amendment Rules, 2021 which amends following Ind AS (as applicable to the Company):

- Ind AS 103, Business Combinations
- Ind AS 109, Financial Instruments
- Ind AS 37, Provisions, Contingent Liabilities and Contingent Assets
- Ind AS 16, Property, Plant and Equipment

The amendments are applicable for annual periods beginning on or after the April 1, 2022, however, these do not have material impact on the Financial Statements of the Company.

Amendments to Ind AS issued but not yet effective

MCA vide notification no. G.S.R. 242(E) dated March 31, 2023 has issued the Companies (Indian Accounting Standards) Amendment Rules, 2023 which amends following Ind AS (as applicable to the Company):

- Ind AS 102, Share-based Payments
- Ind AS 103, Business Combinations
- Ind AS 107, Financial Instruments: Disclosures
- Ind AS 109, Financial Instruments
- Ind AS 115, Revenue from Contracts with Customers
- Ind AS 1, Presentation of Financial Statements
- Ind AS 12, Income Taxes
- Ind AS 8, Accounting Policies, Changes in Accounting Estimates and Errors
- Ind AS 34, Interim Financial Reporting

The amendments are applicable for annual periods beginning on or after April 1, 2023. The Company has evaluated the amendments and the impact is not expected to be material.

2.2 Basis of measurement

The Financial Statements have been prepared on the accrual and going concern basis, and the historical cost convention except where the Ind AS requires a different accounting treatment. The principal variations from the historical cost convention relate to financial instruments classified as fair value through profit or loss ('FVTPL') (refer note 2.8) 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 a liability can be transferred, in an orderly transaction between market participants. The Company's accounting policies require, measurement of certain financial instruments at fair values (either on a recurring or non-recurring basis). Also, the fair values of financial instruments measured at amortised cost are required to be disclosed in the said Financial Statements.

The Company is required to classify the fair valuation method of the financial / 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 is available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

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

Level 1: Quoted (unadjusted) prices for identical assets or liabilities in active markets

Level 2: Significant inputs to the fair value measurement are directly or indirectly observable

Level 3: Significant inputs to the fair value measurement are unobservable

2.3 Foreign currency transactions

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

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

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the closing exchange rate prevailing as at the reporting date with the resulting foreign exchange differences, on subsequent re-statement / settlement, recognised in the Statement of Profit and Loss. Non-monetary assets and liabilities denominated in foreign currencies are translated into the functional currency using the exchange rate prevalent, at the date of initial recognition (in case they are measured at historical cost) or at the date when the fair value is determined (in case they are measured at fair value) – the resulting foreign exchange difference, on subsequent re-statement / settlement, recognised in the Statement of Profit and Loss, except to the extent that it relates to items recognised in the other comprehensive income or directly in equity.



2.4 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.

2.5 Property, plant and equipment ('PPE')

An item is recognised as an asset, if and only if, it is probable that the future economic benefits associated with the item will flow to the Company and its cost can be measured reliably. PPE are initially recognised at cost. The initial cost of PPE comprises its purchase price (including non-refundable duties and taxes but excluding any trade discounts and rebates), asset retirement obligations (refer note 2.14 (b)) and any directly attributable cost of bringing the asset to its working condition and location for its intended use.

Subsequent to initial recognition, PPE are stated at cost less accumulated depreciation and impairment losses, if any. When significant parts of PPE are required to be replaced at regular intervals, the Company recognises such parts as separate component of assets. When an item of PPE is replaced, then its carrying amount is de-recognised from the Balance Sheet and cost of the new item of PPE is recognised. Further, in case the replaced part was not being depreciated separately, the cost of the replacement is used as an indication to determine the cost of the replaced part at the time it was acquired.

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

The expenditures that are incurred after the item of PPE has been available to use, such as repairs and maintenance, are normally charged to the Statement of Profit and Loss in the period in which such costs are incurred. However, in situations where the said expenditure can be measured reliably, and is probable that



Bharti Hexacom Limited
Notes to Financial Statements

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

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

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

Categories	Years
Buildings	20
Building on leased land	Lease term or 20 years, whichever is less
Leasehold improvements	Lease term or 20 years, whichever is less
Plant and equipment	
- Network equipment (including passive infrastructure)	3 – 25
- Customer premise equipment	3 – 5
Computers / servers	3 – 5
Furniture & fixtures and office equipments	2 – 5
Vehicles	3 – 5

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

2.6 Intangible assets

Intangible assets are recognised when the Company controls the asset, it is probable that future economic benefits attributed to the asset will flow to the Company and the cost of the asset can be measured reliably. The intangible assets are initially recognised at cost. Those assets having finite useful life are carried at cost less accumulated amortisation and impairment losses, if any. 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 is amortised over the period of license, generally not exceeding five years.

b. Licenses (including spectrum)

Acquired licenses and spectrum are amortised commencing from the date when the related network is available for intended use in the relevant jurisdiction. The useful lives ranges upto twenty years.

The revenue-share based fee on licenses / spectrum is charged to the Statement of Profit and Loss in the period such cost is incurred.

c. Other acquired intangible assets

Other acquired intangible assets include the following:

Non-competee fee: Over the period of the agreement which ranges upto five years.

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

Further, the cost of intangible assets under development ('IAUD') includes the following:

- (a) the amount of spectrum allotted to the Company and related costs (including borrowing costs) that are directly attributable to the acquisition or construction of qualifying assets (refer note 6), if any, for which services are yet to be rolled out and are presented separately in the Balance Sheet.

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.

2.7 Impairment of non-financial assets

PPE, right-of-use assets ('ROU), intangible assets and IAUD

PPE (including Capital work-in-progress (CWIP)), ROU and intangible assets with definite lives, are reviewed for impairment, whenever events or changes in circumstances indicate that their carrying values may not be recoverable. IAUD is tested for impairment, at least annually and whenever circumstances indicate that it may be impaired.



For the purpose of impairment testing, the recoverable amount (that is, higher of the fair value less costs to sell and the value in use) is determined on an individual asset basis, unless the asset does not generate cash flows that are largely independent of those from other assets, in which case the recoverable amount is determined at the cash-generating-unit ('CGU') level to which the said asset belongs. If such individual assets or CGU are considered to be impaired, the impairment to be recognised in the Statement of Profit and Loss is measured by the amount by which the carrying value of the asset / CGU exceeds their estimated recoverable amount and allocated on pro rata basis.

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

Reversal of impairment losses

Impairment losses are reversed in Statement of Profit and Loss and the carrying value is increased to its revised recoverable amount provided that this amount does not exceed the carrying value that would have been determined had no impairment loss been recognised for the said asset / CGU previously.

2.8 Financial instruments

a. Recognition, classification and presentation

The financial instruments are recognised in the Balance Sheet when the Company becomes a party to the contractual provisions of the financial instrument.

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

The Company classifies its financial assets in the following categories: a) those to be measured subsequently at fair value through profit or loss, and b) those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

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

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



b. Measurement – Non derivative financial instruments

I. Initial measurement

At initial recognition, the Company measures the non-derivative financial instruments at its fair value, in the case of a financial instruments not at FVTPL, transaction costs. Otherwise transaction costs are expensed in the Statement of Profit and Loss.

II. Subsequent measurement - financial assets

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

i. Financial assets measured at amortised cost

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

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

All financial assets that do not meet the criteria for amortised cost are measured at FVTPL. Interest (basis EIR method) from financial assets at FVTPL is recognised in the Statement of Profit and Loss within other income separately from the other gains/ losses arising from changes in the fair value.

Impairment

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

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

III. Subsequent measurement - financial liabilities

Financial liabilities are subsequently measured at amortised cost using the EIR method (if the impact of discounting / any transaction costs is significant).

c. Derecognition

The financial liabilities are de-recognised from the Balance Sheet when the under-lying obligations are extinguished, discharged, lapsed, cancelled, expires or legally released. The financial assets are de-

recognised from the Balance Sheet when the rights to receive cash flows from the financial assets have expired, or have been transferred and the Company has transferred substantially all risks and rewards of ownership. The difference in the carrying amount is recognised in the Statement of Profit and Loss.

2.9 Leases

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

Company as a lessee

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

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

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

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



Bharti Hexacom Limited
Notes to Financial Statements

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

In the Balance Sheet, the ROU and lease liabilities are presented separately. In the Statement of Profit and Loss, interest expense on lease liabilities are presented separately from the depreciation charge for the ROU. Interest expense on the lease liability is a component of finance costs, which are presented separately in the Statement of Profit and Loss. In the Statement of Cash Flows, cash payments for the principal portion of lease payments and the interest portion of lease liability are presented as financing activities, and short-term lease payments and payments for leases of low-value assets and variable lease payments not included in the measurement of the lease liability, if any, as operating activities.

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

Short-term leases and leases of low-value assets

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

Company as a lessor

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

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

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

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

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



2.10 Taxes

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

a. Current tax

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

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

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

b. Deferred tax

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

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



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

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

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

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

2.11 Cash and cash equivalents ('C&CE')

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 C&CE 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 C&CE.

2.12 Equity 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.

2.13 Employee benefits

The Company's employee benefits mainly include wages, salaries, bonuses, defined contribution plans, defined benefit plans, compensated absences and deferred compensation. The employee benefits are recognised in the year in which the associated services are rendered by the Company employees. Short-term employee benefits are recognised in Statement of Profit and Loss at undiscounted amounts during the period in which the related services are rendered.

a. Defined contribution plans

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



b. Defined benefit plans

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

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

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

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

c. Other long-term employee benefits

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

The Company provides for the liability towards the said benefits on the basis of actuarial valuation carried 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.

2.14 Provisions

a. General

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



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

b. Asset retirement obligations ('ARO')

ARO are recognised for those lease arrangements where the Company has an obligation at the end of the lease period to restore the leased premises in a condition similar to inception of lease. ARO are provided at the present value of expected costs to settle the obligation and are recognised as part of the cost of that particular asset. The estimated future costs of decommissioning are reviewed annually and any changes in the estimated future costs or in the discount rate applied are adjusted from the cost of the asset.

2.15 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.

2.16 Revenue recognition

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

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

a. Service revenues

Service revenues mainly pertain to usage, subscription and customer onboarding charges for voice, data, messaging and other value added services. It also includes revenue from interconnection / roaming charges for usage of the Company's network by other operators for voice, data, messaging and signaling services.



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

The Company recognises revenue from these services as they are provided. Revenue is recognised based on actual units of telecommunication services provided during the reporting period as a proportion of the total units of telecommunication services to be provided. Subscription charges are recognised over the subscription pack validity period. Customer onboarding revenue is recognised upon successful onboarding of customer i.e. upfront. Revenue in excess of invoicing are classified as unbilled revenue while invoicing / collection in excess of revenue are classified as deferred revenue / advance from customers.

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

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

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

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

c. Interest income

The interest income is recognised using the EIR method. For further details, (refer note 2.8).

2.17 Government grants

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

Government grants relating to income are deferred and recognised in the Statement of Profit and Loss over the period necessary to match them with the costs that they are intended to compensate.



Government grants relating to the purchase of property, PPE are included in non-current liabilities as deferred income and are credited to Statement of Profit and Loss on a straight line basis over the expected lives of the related assets.

2.18 Borrowing costs

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

2.19 Exceptional items

Exceptional items refer to items of income or expense within the Statement of Profit and Loss from ordinary activities which are non-recurring and are of such size, nature or incidence that their separate disclosure is considered necessary to explain the performance of the Company.

2.20 Earnings per share ('EPS')

The Company presents the Basic and Diluted EPS.

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

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

3. Key sources of estimation uncertainties and critical judgements

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



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

3.1 Key sources of estimation uncertainties

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

a. Useful lives of PPE

As described at note 2.5 above, the Company reviews the estimated useful lives of PPE at the end of each reporting period. After considering market conditions, industry practice, technological developments and other factors, the Company determined that the current useful lives of its PPE remain appropriate. However, changes in economic conditions of the markets, competition and technology, among others, are unpredictable and they may significantly impact the useful lives of PPE and therefore the depreciation charges.

b. Taxes

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

c. Allowance for impairment of trade receivables

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

d. Contingent Liabilities and provisions

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



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

a. Revenue recognition and presentation

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

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

b. Separating lease and non-lease components

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

c. Determining the lease term

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

d. Determining the incremental borrowing rate for lease contracts

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

4. Significant transactions / new developments

- i. During the year ended March 31, 2023, the Company has participated in the latest spectrum auction conducted by the DoT, Government of India and acquired 1,804 MHz spectrum of 3.5 and 26 GHz bands and selective mid and low band spectrum. This entire spectrum bank was secured for a total consideration of Rs. 14,777 for 20 years. The Company has paid first installment amounting to Rs. 1,321. The said spectrum has been allocated by the DoT on August 17, 2022. The Company shall continue to pay installment every year in August month.



Bharti Hexacom Limited
Notes to Financial Statements

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

- ii. On October 24, 2019, the Supreme Court of India delivered a judgement in relation to a long outstanding industry-wide case upholding the view of the DoT in respect of the definition of Adjusted Gross Revenue ('AGR'). Further, in its judgement dated, September 1, 2020 ('AGR September Judgement') the Supreme Court reaffirmed that the demand raised by the DoT stated in its modification application as final. In addition, Supreme Court directed that the Telecom Service Providers ('TSPs') shall make a payment of 10% of the total dues as demanded by DoT, by March 31, 2021 and remaining dues in yearly instalments commencing April 1, 2021 till March 31, 2031, payable by March 31 of every succeeding financial year. Considering the above Supreme Court judgement, the Company accounted for provision for license fee and spectrum charges based on the demand raised by the DoT and paid part dues in the previous years. On July 19, 2021, the Company confirmed its compliance to the Supreme Court with the directions to pay 10% of total dues by March 31, 2021. The matter is pending adjudication before the Supreme Court. Further on July 23, 2021, the Supreme Court pronounced its Judgement, whereby the applications filed by the TSPs for correction of errors in the computation of demand amount by DoT were dismissed. The Company has filed a review petition against the July 23, 2021 order before the Supreme Court and same is pending adjudication.

In the meanwhile, DoT vide letter dated October 14, 2021 has offered a one-time opportunity to opt for deferment of AGR related instalments determined by the Supreme Court in the AGR case, by a period of four years with immediate effect without changing the overall payment period of 10 years as fixed by the Supreme court (i.e. the last of the yearly instalment payment to be made by March 31, 2031). The revised amount of instalment of the AGR dues is to be paid with-in this time frame only. The Company vide its letter dated October 22, 2021 has confirmed DoT to avail the offer.

- iii. As of March 31, 2023, the Company have 15,000 and 20,000 listed, unsecured, rated, redeemable non-convertible debentures ('NCD'), of the face value of Rs. 1 Mn each issued on private placement basis. These NCDs are listed on National Stock Exchange and carries coupon rate of 6.0% and 5.9% per annum payable annually, which will be due for payment on January 19, 2024 and April 30, 2024 respectively.
- iv. The Code on Social Security, 2020 ('Code') relating to employee benefits during employment and post-employment benefits received Presidential assent in September 2020. The Code has been published in the Gazette of India. The Ministry of Labour and Employment ('Ministry') has issued draft of the Code on Social Security (Central) Rules, 2020 on November 13, 2020, and has invited suggestions from stakeholders which are under active consideration by the Ministry. However, the date on which the Code will come into effect has not been notified. The Company is assessing the impact of the Code and will record any related impact in the period the Code becomes effective.



Bharti Hexacom Limited
Notes to Financial Statements
(All amounts are in millions of Indian Rupee; unless stated otherwise)

5. 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, 2023 and March 31, 2022:

	Leasehold improvements	Buildings	Plant and equipment	Furniture & fixtures	Vehicles	Office equipments	Computer and servers	Total
Gross carrying value								
As of April 1, 2021	89	156	93,852	76	3	224	239	94,639
Additions	-	-	7,635	3	-	19	107	7,764
Disposals / adjustment	-	-	(2,202)	-	-	-	-	(2,202)
As of March 31, 2022	89	156	99,285	79	3	243	346	100,201
As of April 1, 2022	89	156	99,285	79	3	243	346	100,201
Additions	0	-	10,989	3	-	13	110	11,115
Disposals / adjustment	(0)	-	(919)	-	-	(1)	(0)	(920)
As of March 31, 2023	89	156	109,355	82	3	255	456	110,396
Accumulated depreciation								
As of April 1, 2021	85	96	55,005	63	2	163	171	55,585
Charge	0	7	8,243	3	-	16	67	8,337
Disposals / adjustment	-	-	(2,120)	-	-	-	-	(2,120)
As of March 31, 2022	85	103	61,129	66	2	179	238	61,802
As of April 1, 2022	85	103	61,129	66	2	179	238	61,802
Charge	0	7	8,598	3	-	17	72	8,697
Disposals / adjustment	-	-	(810)	-	-	(1)	-	(811)
As of March 31, 2023	85	110	68,917	69	2	195	310	69,688
Net carrying value								
As of March 31, 2022	4	53	38,156	13	1	64	108	38,400
As of March 31, 2023	4	46	40,438	13	1	60	146	40,708



Bharti Hexacom Limited
Notes to Financial Statements

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

The carrying value of the capital work in progress as of March 31, 2023 and March 31, 2022 is Rs 4,563 and Rs 641 respectively, which mainly pertains to plant and equipments.

CWIP Ageing Schedule

The following table presents the CWIP ageing schedule as of March 31, 2023 and March 31, 2022:

March 31, 2023

	Amount in CWIP for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	4,535	28	-	-	4,563

March 31, 2022

	Amount in CWIP for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	609	23	8	1	641



(This space has been intentionally left blank)

Bharti Hexacom Limited
Notes to Financial Statements

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

6. Intangible assets

The following table presents the reconciliation of changes in the carrying value of intangible assets for the years ended March 31, 2023 and March 31, 2022:

	Software	Licenses (including spectrum)	Other acquired Intangibles	Total
Gross carrying value				
As of April 1, 2021	12	66,444	45	66,501
Additions	-	1,881	-	1,881
Disposals / adjustment	(12)	-	-	(12)
As of March 31, 2022	-	68,325	45	68,370
As of April 1, 2022	-	68,325	45	68,370
Additions	-	559	-	559
Disposals / adjustment	-	-	(4)	(4)
As of March 31, 2023	-	68,884	41	68,925
Accumulated amortisation				
As of April 1, 2021	12	17,224	43	17,279
Amortisation	-	3,490	1	3,491
Disposals / adjustment	(12)	-	-	(12)
As of March 31, 2022	-	20,714	44	20,758
As of April 1, 2022	-	20,714	44	20,758
Amortisation	-	3,528	0	3,528
Disposals / adjustment	-	-	(4)	(4)
As of March 31, 2023	-	24,242	40	24,282
Net Carrying Amount				
As of March 31, 2022	-	47,611	1	47,612
As of March 31, 2023	-	44,642	1	44,643

Weighted average remaining amortisation period of spectrum license as of March 31, 2023 and March 31, 2022 is 12.96 and 13.86 years, respectively.

The carrying value of IAUD as of March 31, 2023 and March 31, 2022 is Rs. 14,797 and Rs. Nil respectively, which mainly pertains to spectrum.

IAUD Ageing Schedule

As of March 31, 2023

	Amount in IAUD for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	14,797	-	-	-	14,797

The Company has capitalised borrowing cost of Rs.580 and Nil during the year ended March 31, 2023 and March 31, 2022 respectively. The rate used to determine the amount of borrowing costs eligible for capitalisation is 7.2% (specific borrowing) for the year ended March 31, 2023.



Bharti Hexacom Limited
Notes to Financial Statements

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

7. Investments

Non-current

	As of			
	March 31, 2023		March 31, 2022	
	No. of units	Cost	No. of units	Cost
Government securities (NSC)	1	0	1	0
	1	0	1	0
Aggregate book / market value of unquoted investments		0		0

Current

	As of	
	March 31, 2023	March 31, 2022
	Investments at FVTPL	
Mutual funds (quoted)	10,460	490
	10,460	490
Aggregate book / market value of quoted investments	10,460	490

8. Other financial assets

Non-current

	As of	
	March 31, 2023	March 31, 2022
	Claims recoverable*	2,956
Indemnification assets^	1,930	1,930
Security deposits	404	357
	5,290	4,463

Current

	As of	
	March 31, 2023	March 31, 2022
	Unbilled revenue (refer note 21)	354
Interest accrued on investments	8	6
Claims recoverable*	400	726
Indemnification assets^	8,289	7,671
Recoverable from related party (refer note 31)	49	54
Others	19	40
	9,119	8,787

* pertains to Universal Service Obligation Fund ('USOF') subsidy (refer note 21).

^pursuant to merger with Tata Teleservices Limited ('TTSL').



Bharti Hexacom Limited
Notes to Financial Statements

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

9. Income tax

The major components of Income Tax expense are:

	For the year ended	
	March 31, 2023	March 31, 2022
Statement of Profit and Loss		
Current tax		
- For the year	-	-
- Adjustments for prior periods	-	(27)
Deferred tax		
- Origination & reversal of temporary differences	1,846	1,692
	1,846	1,692
Income tax expense	1,846	1,665
Statement of Other Comprehensive Income		
Amounts recognised in Other Comprehensive Income		
-Re-measurement gain on defined benefit plans	(1)	(0)
Deferred Tax credited to Other Comprehensive Income	(1)	(0)

The reconciliation between the amount computed by applying the statutory income tax rate to the Profit before tax and income tax expense is summarised below:

	For the year ended	
	March 31, 2023	March 31, 2022
Profit before tax	7,338	18,411
Tax charge @ 25.168%	1,847	4,634
Effect of:		
Business losses against which deferred tax (reinstated)/reversed based on projections	-	(1,699)
Recognition of previously unrecognised losses and deductible temporary differences	(1)	(1,235)
Expense not deductible (net)	-	(8)
Impact of tax amnesty scheme	-	(27)
Income tax expense	1,846	1,665

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

	As of	
	March 31, 2023	March 31, 2022
Deferred tax asset / (liabilities)		
Trade receivables	500	477
Provision for employee benefits	18	17
Fair valuation of financial instruments and exchange differences	(11)	-
Property, Plant and Equipments, Inangible assets and leases	234	29
Government grants	722	530
Payables and non financial liability	806	811
Carry forward losses	5,360	7,610
Net deferred tax asset	7,629	9,474



Bharti Hexacom Limited
Notes to Financial Statements

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

	For the year ended	
	March 31, 2023	March 31, 2022
Deferred tax income / (expense)		
Trade receivables	23	(25)
Carry forward losses	(2,251)	(1,424)
Provision for employee benefits	1	(3)
Fair valuation of financial instruments and exchange differences	(11)	-
Property, Plant and Equipments, Inangible assets and leases	205	(127)
Government grant	192	(173)
Payables and non financial liability	(5)	60
Net deferred tax expense	(1,846)	(1,692)

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

	For the year ended	
	March 31, 2023	March 31, 2022
Opening balance	9,474	11,166
Tax (expense) / income recognised in Statement of Profit or Loss	(1,846)	(1,692)
Tax expense recognised in OCI	1	0
Closing balance	7,629	9,474

Deferred tax assets are recognised to the extent, it is probable that taxable profit will be available against which the deductible temporary differences and carry forward tax losses / credits (including capital losses) can be utilised. Accordingly, based on analysis of recoverability of Deferred Tax Assets and updated business projections, deferred tax assets on losses of Rs. 6,750 reversed during March 31, 2021 have been reinstated in March 31, 2022. Also, deferred tax not created in relation to losses and deductible temporary differences of Rs. 4,906 during March 31, 2021 have been reinstated in March 31, 2022.

Further, the company has not recognised deferred tax assets in respect of business combination losses and unabsorbed depreciation in relation to Tata Tele Services Limited amounting to Rs. 3,771 (March 31, 2022 Rs. 4,249) (including Rs. 1,919 (March 31, 2022 Rs. 1,919) towards unabsorbed depreciation) as of March 31, 2023 as the availability of same is subject to completion of assessments.

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

Expiry date	As of	
	March 31, 2023	March 31, 2022
Within five years	1,852	2,213
Above five years	-	117
Unlimited	1,919	1,919



Bharti Hexacom Limited
Notes to Financial Statements

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

10. Other assets

Non-current

	As of	
	March 31, 2023	March 31, 2022
Advances (net)*	272	266
Cost to obtain a contract with a customer (refer note 21)	1,508	1,197
Capital advance	123	-
Taxes recoverable#	1,200	1,261
Prepaid expenses	3,094	3,718
Rent equalisation	66	91
Others	21	21
	6,284	6,554

Current

	As of	
	March 31, 2023	March 31, 2022
Taxes recoverable#	4,367	6,431
Advances to suppliers (net)**	232	427
Prepaid expenses	728	848
Deposit with government authorities	7	7
Cost to obtain a contract with a customer (refer note 21)	1,682	1,062
Others	5	4
	7,021	8,779

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

Taxes recoverable primarily include Goods & Services Tax ('GST') and customs duty.

** Advance to suppliers are disclosed net of allowance of Rs. 89 and Rs. 76 as of March 31, 2023 and March 31, 2022, respectively.



Bharti Hexacom Limited
Notes to Financial Statements
(All amounts are in millions of Indian Rupee; unless stated otherwise)

11. Trade receivables

	As of	
	March 31, 2023	March 31, 2022
Trade receivable considered good - unsecured*	3,128	22,538
Less: Allowances for doubtful receivables	(1,639)	(1,580)
	1,489	20,958

* It includes amount due from related parties (refer note 31)

Refer note 33 (1) (iv) for credit risk

Movement in allowances for doubtful receivables is as follows:

	For the year ended	
	March 31, 2023	March 31, 2022
Opening balance	1,580	1,674
Additions / (written back)	59	(94)
Closing balance	1,639	1,580

Trade receivable

The following table presents the trade receivable ageing as of March 31, 2023 and March 31, 2022:

March 31, 2023

Particulars	Not due	Outstanding for following periods from due date of payment					Total
		Less than 6 months	6 months -1 year	1-2 Years	2-3 years	More than 3 years	
(i) Undisputed Trade receivables — considered good	788	502	89	76	69	1,179	2,703
(ii) Disputed Trade receivables — considered good	-	-	-	-	-	65	65
(iii) Disputed Trade receivables — credit impaired	-	-	-	-	-	360	360
Less: Allowance for doubtful receivables							(1,639)
Total Trade receivables							1,489

March 31, 2022

Particulars	Not due	Outstanding for following periods from due date of payment					Total
		Less than 6 months	6 months -1 year	1-2 Years	2-3 years	More than 3 years	
(i) Undisputed Trade receivables — considered good	20,091	533	30	168	98	1,193	22,113
(ii) Disputed Trade receivables — considered good	-	-	-	-	-	65	65
(iii) Disputed Trade receivables — credit impaired	-	-	-	-	-	360	360
Less: Allowance for doubtful receivables							(1,580)
Total Trade receivables							20,958



Bharti Hexacom Limited
Notes to Financial Statements
(All amounts are in millions of Indian Rupee; unless stated otherwise)

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

	As of	
	March 31, 2023	March 31, 2022
Balances with banks		
- On current accounts	82	17
- Bank deposits with original maturity of 3 months or less	473	868
Cash on hand	0	0
	555	885

13. Other bank balances

	As of	
	March 31, 2023	March 31, 2022
Margin money*	340	330
Less :- Interest accrued (refer note 8)	8	6
	332	324

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

For the purpose of Statement of Cash Flows, Cash and Cash equivalents comprise the following:-

	As of	
	March 31, 2023	March 31, 2022
C&CE as per balance sheet	555	885
Bank overdraft	(31)	(22)
	524	863

14. Equity share capital

	As of	
	March 31, 2023	March 31, 2022
Authorised shares		
250,000,000 (March 31, 2022- 250,000,000) equity shares of Rs 10 each	2,500	2,500
Issued, subscribed and fully paid-up shares		
250,000,000 (March 31, 2022- 250,000,000) equity shares of Rs 10 each	2,500	2,500
	2,500	2,500



Bharti Hexacom Limited
Notes to Financial Statements

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

a. Reconciliation of the equity shares outstanding at the beginning and at the end of the year

	For the year ended			
	March 31, 2023		March 31, 2022	
	No. of shares (in '000)	Amount	No. of shares (in '000)	Amount
At the beginning of the year	250,000	2,500	250,000	2,500
Issued during the year	-	-	-	-
Outstanding at the end of the year	250,000	2,500	250,000	2,500

b. Rights, Preferences and restrictions attached to shares

The Company has only one class of equity shares having par value of Rs. 10 each. The holder of the equity share is entitled to dividend right and voting right in the same proportion as the capital paid-up on such equity share bears to the total paid-up equity share capital of the Company. In the event of liquidation of the Company, the holder of equity shares will be entitled to receive the remaining assets of the Company, after distribution of all preferential amounts, in proportion to the number of equity shares held by the shareholders.

c. Details of shares held by the holding company and shareholders (as per the register of shareholders) holding more than 5% shares in the Company

	As of			
	March 31, 2023		March 31, 2022	
	No of shares (in '000)	% holding	No of shares (in '000)	% holding
Equity shares of Rs 10 each fully paid up				
Bharti Airtel Limited, the holding company	175,000	70%	175,000	70%
Telecommunications Consultants India Limited	75,000	30%	75,000	30%

d. Shareholding of promoters

S No.	Promoter Name	As of				% Change during the year
		April 1, 2022		March 31, 2023		
		No. of shares '000	% of total shares	No. of shares '000	% of total shares	
1	Bharti Airtel Limited*	175,000	70.00	175,000	70.00	-

S No.	Promoter Name	As of				% Change during the year
		April 1, 2021		March 31, 2022		
		No. of shares '000	% of total shares	No. of shares '000	% of total shares	
1	Bharti Airtel Limited*	175,000	70.00	175,000	70.00	-

* 5 shares held by nominee



Bharti Hexacom Limited
Notes to Financial Statements
(All amounts are in millions of Indian Rupee; unless stated otherwise)

e. Dividend

	For the year ended	
	March 31, 2023	March 31, 2022
A Proposed Dividend		
Proposed dividend for FY 2022-23 : Rs 3 per share (2021-22 : Rs Nil per share)	750	-
	750	-

It represents dividend of Rs. 3 per equity share of face value of Rs. 10 each on shares issued till the date these financial statements are approved for issue by the Company's Board of Directors. The proposed dividend is subject to approval of shareholders at the Annual General Meeting, accordingly, no corresponding liability has been recognised.

f. Reserve and surplus

- i. **Retained earnings:** Retained earnings represent the amount of accumulated earnings of the Company, re-measurement differences on defined benefit plans and any transfer from general reserve.
- ii. **Securities premium :** Securities premium is used to record the premium on issue of equity shares. The same is utilised in accordance with the provisions of the Act
- iii. **General reserve:** The Company has transferred a portion of its profit before declaring dividend in respective prior years to general reserve, as stipulated under the erstwhile Companies Act 1956. Mandatory transfer to general reserve is not required under the Act.
- iv. **Capital reserve:** It pertains to capital reserve acquired pursuant to the scheme of arrangement under the Act accounted under pooling of interest method and excess of purchase consideration over fair value of net assets (for certain business combinations).
- v. **Capital redemption reserve:** The Company has created this reserve on redemption of redeemable preference shares out of the profits, as stipulated under the Act.

15. Borrowings

Non-current

	As of	
	March 31, 2023	March 31, 2022
Unsecured		
Deferred payment liabilities	28,299	13,144
Non convertible debentures*	36,228	35,824
	64,527	48,968
Less: Interest accrued (refer note 16)	(1,865)	(890)
Less: Current maturities of long-term borrowings	(15,363)	-
	47,299	48,078



Bharti Hexacom Limited
Notes to Financial Statements

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

Current

	As of	
	March 31, 2023	March 31, 2022
Unsecured		
Term loans	-	18
Commercial papers	-	23,865
Bank overdraft	31	22
	31	23,905
Less: Interest accrued (refer note 16)	-	(0)
	31	23,905
Current maturities of long term borrowings		
Unsecured		
Non convertible debentures*	14,970	-
Deferred payment liabilities	393	-
	15,363	-
	15,394	23,905

* Refer note 4(iii)

Analysis of borrowings

The details given below are gross of debt origination cost.

15.1 Maturity of borrowings, interest rate and currency of borrowings

Borrowings are at floating and fixed rate of interest. The table below summarises the maturity profile and interest rates of the Company's borrowings based on contractual undiscounted payments.

Borrowings	Interest rate (range)	As of March 31, 2023	Maturity Profile				Terms of repayment
			Within one year	between one and two years	between two and five years	Over five years	
Bank Overdraft	8.2%	31	31	-	-	-	Payable on demand
Non-Convertible debentures	5.9%-6.0%	35,000	15,000	20,000	-	-	Bullet payment, payable on due date
Deferred payment liabilities for spectrum	7.2%-7.3%	14,615	393	422	1,456	12,344	16 to 19 instalments, payable annual
Deferred payment liability	8.0%	13,078	-	-	5,101	7,977	5 instalments, payable annual
Total		62,724	15,425	20,422	6,557	20,321	

Borrowings	Interest rate (range)	As of March 31, 2022	Maturity Profile				Terms of repayment
			Within one year	between one and two years	between two and five years	Over five years	
Term Loan	7.3%	18	18	-	-	-	1 instalment, payable on due date
Bank Overdraft	7.6%	22	22	-	-	-	Payable on demand
Commercial Papers	4.5% - 5.3%	24,400	24,400	-	-	-	Bullet payment, payable on due date
Non-Convertible debentures	5.9%-6.0%	35,000	-	15,000	20,000	-	Bullet payment, payable on due date
Deferred payment liabilities for spectrum	7.3%	1,081	-	-	102	979	16 instalments, payable annual
Deferred payment liability	8.0%	12,060	-	-	1,175	10,885	6 instalments, payable annual
Total		72,581	24,440	15,000	21,277	11,864	

	Weighted average rate of interest	Total borrowings	Floating rate borrowings	Fixed rate borrowings
INR	6.7%	62,724	31	62,693
March 31, 2023		62,724	31	62,693
INR	5.9%	72,045	18	72,027
March 31, 2022		72,045	18	72,027



Bharti Hexacom Limited
Notes to Financial Statements

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

16 Others financial liabilities

Non-current

	As of	
	March 31, 2023	March 31, 2022
Interest accrued (refer note 15)	0	3
	0	3

Current

	As of	
	March 31, 2023	March 31, 2022
Payable against capital expenditure	7,963	2,297
Security deposits	237	221
Dues to employees	31	28
Interest accrued (refer note 15)	1,865	887
Others*	165	327
	10,261	3,760

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

17 Provisions

Non-current

	As of	
	March 31, 2023	March 31, 2022
Asset retirement obligations	195	171
Gratuity	36	42
Other employee benefit plans	3	5
	234	218

Current

	As of	
	March 31, 2023	March 31, 2022
Gratuity	13	7
Other employee benefit plans	19	19
Sub judice matters	11,000	10,230
	11,032	10,256

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

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

	For the year ended
	March 31, 2023
Opening Balance	171
Net additions	7
Net interest costs	17
	195



Bharti Hexacom Limited
Notes to Financial Statements

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

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

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

	For the year ended March 31, 2023
Opening	10,230
Provision made during the year	770
Closing	11,000

18 Trade payable

	As of	
	March 31, 2023	March 31, 2022
Dues to micro and small enterprises	26	20
Others*	14,380	14,932
	14,406	14,952

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

Micro, Small & Medium Enterprises Development Act, 2006 ('MSMED') disclosure

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

Sr No	Particulars	For the year ended	
		March 31, 2023	March 31, 2022
1	Principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year	26	20
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	-	-
3	Amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under MSMED Act, 2006.	-	-
4	Amount of interest accrued and remaining unpaid at the end of each accounting year.	-	-
5	Amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act, 2006.	-	-



Bharti Hexacom Limited
Notes to Financial Statements

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

Trade payable ageing

The following table presents the trade payable ageing as of March 31, 2023 and March 31, 2022:

March 31, 2023

Particulars	Unbilled	Outstanding for following periods from due date of payment					Total
		Not due	Less than 1 year	1-2 years	2-3 years	More than 3 years	
(i) Dues to micro and small enterprises (A)	-	25	-	-	-	1	26
(ii) Others (B)	8,309	1,585	15	2	72	83	10,067
(iii) Disputed dues to micro and small enterprises (C)	-	-	-	-	-	-	-
(iv) Disputed dues – Others (D)	-	1	24	371	1,136	2,781	4,313
Total dues to micro and small enterprises (A + C)							26
Total Others (B + D)							14,380

March 31, 2022

Particulars	Unbilled	Outstanding for following periods from due date of payment					Total
		Not due	Less than 1 year	1-2 years	2-3 years	More than 3 years	
(i) Dues to micro and small enterprises (A)	-	15	3	1	1	0	20
(ii) Others (B)	8,154	919	1,557	88	33	54	10,805
(iii) Disputed dues to micro and small enterprises (C)	-	-	-	-	-	-	-
(iv) Disputed dues – Others (D)	-	1	616	936	786	1,788	4,127
Total dues to micro and small enterprises (A + C)							20
Total Others (B + D)							14,932

19 Other current liabilities

	As of	
	March 31, 2023	March 31, 2022
Taxes payable*	854	729
Advance from subscribers	209	-
	1,063	729

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

20 Contingencies and commitments

(I) Contingent liabilities

Claims against the company not acknowledged as debt:

	As of	
	March 31, 2023	March 31, 2022
Taxes, duties and other demands (under adjudication / appeal / dispute)		
- Service tax and GST	686	626
- Income tax	645	645
- DoT demands	1,175	1,172
- Other miscellaneous demands	21	21
Claims under legal cases including arbitration matters		
- Access Charges / port Charges	65	65
- Others	40	36
	2,632	2,565



The category wise details of the contingent liabilities has been given below:-

a) Service tax and GST

The Company has received demands from service tax authorities in relation to CENVAT not reversed on sim card removal, CENVAT claimed on tower and related material, applicability of service tax on License Fees and Spectrum Usage Charges paid to DOT for the quarter ended June 30, 2017.

The Company has received show cause notice from GST authorities on availment of Transitional Credit of Capital Goods.

b) Income tax demand

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

c) DOT demands

DOT demands mainly includes:

- (i) Demands for the contentious matters in respect of subscriber verification guidelines including validity of certain documents allowed as proof of address / identity. TDSAT has granted interim stay on the demand notices and the matters are pending adjudication.
- (ii) DoT had enhanced the microwave rates by introducing slab-wise rates based on the number of carriers vide circulars issued in 2006 and 2008 from erstwhile basis being allocated frequency.

The Company had challenged the matter in TDSAT and it has set aside the respective circulars of DoT vide its Judgement dated April 22, 2010. Thereafter, DoT has challenged the order of TDSAT before the Hon'ble Supreme Court, which is pending for adjudication. An amount of Rs. 595 which pertains to pre-migration to Unified License 'UL' / Unified access Service License 'UASL' is disclosed as contingent liability as on March 31, 2023.

In addition to the amounts disclosed in the table above, the contingent liability on DOT matters includes the following:

In respect of levy of one time spectrum charge ('OTSC'), the DoT has raised demand on the Company in January 2013. The Company challenged the OTSC demand and High Court of Bombay vide its order dated January 28, 2013, stayed the enforcement of the demand and directed DoT not to take any coercive action. The DoT has filed its reply and this matter is currently pending before High Court of Bombay. The DoT has issued revised demands on the Company aggregating Rs. 4,737 in June 2018, including a retrospective charge and a prospective charge till the expiry of the initial terms of the respective licenses. The said revised demand has subsequently also been brought



Bharti Hexacom Limited
Notes to Financial Statements

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

within the ambit of the earlier order of no coercive action by the High Court of Bombay. The Company intends to continue to pursue its legal remedies.

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

Further, demand for OTSC on spectrum allotted beyond start-up and up-to the limit of 6.2 MHz has been set aside. The TDSAT has asked DoT to issue revise demands, if any, in terms of the above directions. The said telecom service provider filed an appeal before the Supreme Court against the judgment passed by TDSAT. On March 16, 2020, the Supreme Court dismissed the appeal of the telecom service providers and did not interfere with the TDSAT judgement. Thereafter, the Telecom service provider had filed a review petition against the judgement dated March 16, 2020. The Supreme Court allowed the review petition and restored the telecom service provider appeal. The matter is pending adjudication before the Supreme Court.

DoT's appeal against the said TDSAT Order for the levy on Spectrum below 6.2 MHz is pending. The Supreme Court vide order dated August 21, 2020, stayed the TDSAT judgement July 4, 2019 in a case of another telecom service provider. The Supreme Court, vide order dated December 7, 2020, directed status quo to be maintained in case of another telecom service provider.

On account of prudence, of the total demands of Rs. 4,737, the Company had recorded a charge of Rs. 160 for the year ended March 31, 2020 and along with interest thereon till March 31, 2023 amounting to Rs. 624. Balance demand amount of Rs. 4,577 has continued as contingent liability.

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

(II) Commitments

Capital commitments

The Company has contractual commitments towards capital expenditure (net of related advances paid) of Rs. 15,678 and Rs. 4,059 as of March 31, 2023 and March 31, 2022, respectively.



Bharti Hexacom Limited
Notes to Financial Statements
(All amounts are in millions of Indian Rupee; unless stated otherwise)

21 Revenue from operations

	For the year ended	
	March 31, 2023	March 31, 2022
Service revenue	65,790	54,052
	65,790	54,052

Disaggregation of revenue

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

Particulars	For the year ended					
	Mobile Services		Home and Office Services		Total	
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
Geographical markets						
India	64,156	52,931	1,543	1,076	65,699	54,007
Outside India	91	45	-	-	91	45
	64,247	52,976	1,543	1,076	65,790	54,052
Major products / Service lines						
Data and Voice Services	63,143	51,939	1,522	1,058	64,665	52,997
Others	1,104	1,037	21	18	1,125	1,055
	64,247	52,976	1,543	1,076	65,790	54,052
Timing of revenue recognition						
Services transferred at a point in time	61	3	5	6	66	9
Services transferred over time	64,186	52,973	1,538	1,070	65,724	54,043
	64,247	52,976	1,543	1,076	65,790	54,052

Contract Balances

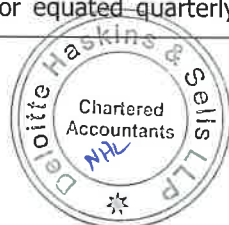
The following table provides information about unbilled revenue and deferred revenue from contract with customers

	As of	
	March 31, 2023	March 31, 2022
Unbilled revenue (refer note 8)	354	290
Deferred revenue	10,778	8,912

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

	For the year ended	
	March 31, 2023	
	Unbilled Revenue	Deferred Revenue
Revenue recognised that was included in deferred revenue at the beginning of the year	-	4,166
Increase due to cash received, excluding amounts recognised as revenue during the year	-	6,032
Transfer from unbilled revenue recognised at the beginning of the year to receivables	290	-

The Company has entered into respective agreements with Universal Service Obligation Fund ('USOF') to provide mobile services in identified uncovered villages and seamless mobile coverage on the national highways in north-eastern region. The Company has recognised deferred income for front loaded subsidy (representing 50% of eligible USOF subsidy) on receipt of approved Proof of Concept (PoC) for a particular USOF site and for equated quarterly subsidy (representing remaining 50% of the eligible USOF subsidy



Bharti Hexacom Limited
Notes to Financial Statements

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

receivable in twenty quarterly instalments) on quarterly basis. The deferred income is amortised over the period they are required to operate and maintain the asset. The company has recognized government grant of Rs. 984 and Rs 740 during the year ended March 31, 2023 and March 31, 2022.

Costs to obtain or fulfil a contract with a customer

Reconciliation of costs to obtain or fulfil contracts with customers

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

	For the year ended	
	March 31 2023	March 31 2022
Opening balance	2,259	1,219
Costs incurred and deferred	2,399	1,795
Less: Cost amortized	1,468	755
Closing balance	3,190	2,259

21.1 Other Income

	For the year ended	
	March 31, 2023	March 31, 2022
Government Grant	984	740
Interest income	85	24
Net gain on marketable securities	290	19
Miscellaneous income	43	105
Total	1,402	888

An amount of Rs 700 (approx.), is under discussion for settlement with a vendor, hence not accounted as per the accounting guidelines. The same will be accounted post final reconciliation.

22 Network operating expenses

	For the year ended	
	March 31, 2023	March 31, 2022
Power and fuel	7,861	7,289
Passive infrastructure charges	3,276	2,881
Repair and maintenance	1,908	2,198
Internet, bandwidth and leasedline charges	2,321	2,057
Others*	497	437
	15,863	14,862

* It includes charges towards installation, insurance and security.



Bharti Hexacom Limited
Notes to Financial Statements

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

23 Employee benefits expense

	For the year ended	
	March 31, 2023	March 31, 2022
Salaries, wages and bonus	848	703
Contribution to provident and other funds	20	19
Defined benefit obligation/ other long term benefits	14	14
Staff welfare expenses	14	21
Others	7	7
	903	764

23.1 Employee benefits

The details of significant defined benefit obligations are as follows:

	For the year ended			
	March 31, 2023		March 31, 2022	
	Gratuity	Compensated absences	Gratuity	Compensated absences
Obligation:				
Balance as at beginning of the year	49	19	57	22
Current service cost	6	3	7	4
Interest cost	4	1	4	2
Benefits paid	(11)	(4)	(14)	(4)
Transfers	(2)	0	(6)	(2)
Remeasurements	3	0	1	(3)
Present value of obligation	49	19	49	19
Current portion	13	19	7	19
Non-current portion	36	-	42	-

As of March 31, 2023, expected contributions for the next annual reporting period is Rs. 10.

Amount recognised in Other Comprehensive Income

	For the year ended	
	March 31, 2023	March 31, 2022
Experience losses	4	1
Losses from change in demographic assumptions	(1)	1
Losses / (gain) from change in financial assumptions	(0)	(1)
Remeasurements on defined benefit plans	3	1

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.



Bharti Hexacom Limited
Notes to Financial Statements

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

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

	As of	
	March 31, 2023	March 31, 2022
Discount rate	7.4%	7.2%
Rate of salary increase	7.0%	7.0%
Rate of attrition	11% to 34%	12% to 18%
Retirement age	58	58

Sensitivity analysis

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:

	Change in assumption	As of	
		March 31, 2023	March 31, 2022
		Gratuity	
Discount rate	+1%	(2)	(3)
	-1%	2	3
Salary growth rate	+1%	2	3
	-1%	(2)	(3)

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

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

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

	As of	
	March 31, 2023	March 31, 2022
Within one year	13	7
Between one and three years	15	12
Between three and five years	7	10
Above five years	14	23
Weighted average duration (in years)	2.96	6.02



Bharti Hexacom Limited
Notes to Financial Statements

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

24 Sales and marketing expense

	For the year ended	
	March 31, 2023	March 31, 2022
Sales commission and distribution expenses	2,221	1,478
Advertisement and marketing	434	316
Business promotion	50	46
Others	362	153
	3,067	1,993

25 Other expenses

	For the year ended	
	March 31, 2023	March 31, 2022
Content cost	340	233
Legal & professional charges^	42	14
Customer care expenses	97	76
IT expenses	308	327
Bad debts written off	324	311
Provision for doubtful receivables	73	(50)
Collection and recovery expense	93	40
Printing and Stationery	260	211
Other administrative expenses@	401	82
	1,938	1,244

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

	For the year ended	
	March 31, 2023	March 31, 2022
Audit fee	5	5
Reimbursement of expenses	0	0
Other services (including certification)	1	1
	6	6

As per the requirements of section 135 of the Act, the Company was not required to spend any amount for the year ended March 31, 2023 and March 31, 2022 on Corporate Social Responsibility expenditure.

@It includes short term and low value lease payments, printing and stationery, security, travelling and conveyance expenses, etc.

26 Depreciation and amortisation expenses

	For the year ended	
	March 31, 2023	March 31, 2022
Depreciation on property plant and equipment	8,697	8,337
Depreciation on right of use assets	3,308	2,582
Amortisation	3,528	3,491
	15,533	14,410



Bharti Hexacom Limited
Notes to Financial Statements

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

27 Finance costs

	For the year ended	
	March 31, 2023	March 31, 2022
Interest expense	3,698	3,844
Net exchange gain	26	10
Interest expense on leases	2,028	1,399
Other finance charges*	636	465
	6,388	5,718

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

28 Exceptional Items

For the year ended March 31, 2022 exceptional items comprises of the following:

- gain of Rs. 19,920 Mn on account of commercial settlement with a service provider being a group company.
- gain of Rs. 397 Mn on account of settlement with a strategic vendors.
- charge of Rs. 806 Mn on account of levies.
- Tax charge include net charge of Rs. 1,977 towards exceptional items (including deferred tax asset recognized on brought forward losses).

29 Earnings per share ('EPS')

The details used in the computation of basic and diluted EPS:

	For the year ended	
	March 31, 2023	March 31, 2022
Profit attributable to equity shareholder as per Statement of Profit and Loss (A)	5,492	16,746
Weighted average number of equity shares for calculation of basic / diluted EPS per share (in thousand) (B)	250,000	250,000
Earning per share		
Equity share of face value Rs. 10 per share		
Basic / Diluted earnings per share (A) / (B)	21.97	66.98



(This space has been intentionally left blank)



30 Segment Reporting

The Company's operating segments are organised and managed separately through the respective business managers, according to the nature of products and services provided with each segment representing a strategic business unit. These business units are reviewed by one of the Directors of the Company (Chief Operating Decision Maker - 'CODM').

The amounts reported to CODM are based on the accounting principles used in the preparation of Financial Statements as per Ind AS. Segment's performance is evaluated based on segment revenue and segment result viz. profit or loss from operating activities before exceptional items and tax, after excluding charity and donation cost. Accordingly, finance costs, other income, non – operating expenses and exceptional items are not allocated to individual segment.

Inter-segment pricing and terms are reviewed and changed by the management to reflect changes in market conditions and changes to such terms are reflected in the period in which the changes occur. Inter-segment revenues are eliminated upon consolidation of segments and reflected in the 'Eliminations' column.

Segment assets / liabilities comprise assets / liabilities directly managed by each segment. Segment assets primarily include receivables, right-of-use asset ('ROU'), property, plant and equipment, Capital work-in-progress, intangibles assets, intangible assets under development and cash and cash equivalents. Segment liabilities primarily include operating and lease liabilities. Segment capital expenditure comprises of additions to property, plant and equipment, capital work-in-progress, intangible assets, intangible assets under development and capital advances.

The reporting segments of the Company are as below:

Mobile Services: These services cover voice and data telecom services provided through wireless technology (2G/4G/5G). This also includes intra city fibre networks.

Homes and Office Services: These services cover voice and data communications through fixed-line network and broadband technology for homes and offices.

Unallocated: Unallocated items include expenses / results, assets and liabilities of corporate headquarters of the Company, current taxes, deferred taxes, borrowings (which includes external borrowings and deferred payment liabilities) and certain financial assets and liabilities, not allocated to the operating segments.



Bharti Hexacom Limited
Notes to Financial Statements

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

Summary of the segmental information for the year ended and as of March 31, 2023 is as follows:

	Mobile Services	Homes and Office Services	Unallocated	Eliminations	Total
Revenue from external customers	64,247	1,543	-	-	65,790
Inter segment revenue	377	-	-	(377)	-
Total revenue	64,624	1,543	-	(377)	65,790
Segment results	13,200	151	-	-	13,351
Less:					
Finance costs (net)*					6,013
Profit before tax					7,338
Other segment items					
Capital expenditure	29,919	599	-	-	30,518
Addition to ROU	13,878	219	-	-	14,097
Depreciation and amortisation expenses	15,241	292	-	-	15,533
As of March 31, 2023					
Segment assets	171,392	2,960	9,026	(849)	182,529
Segment liabilities	77,706	2,114	61,463	(849)	140,434

*net of interest income and net gain on FVTPL.



(This space has been intentionally left blank)

Bharti Hexacom Limited
Notes to Financial Statements

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

Summary of the segmental information for the year ended and as of March 31, 2022 is as follows:

	Mobile Services	Homes and Office Services	Unallocated	Eliminations	Total
Revenue from external customers	52,976	1,076	-	-	54,052
Inter segment revenue	265	-	-	(265)	-
Total revenue	53,241	1,076	-	(265)	54,052
Segment results	4,461	117	-	-	4,578
Less:					
Finance costs (net)*					5,675
Non-operating expense					3
Exceptional items					(19,511)
Loss before tax					18,411
Other segment items					
Capital expenditure	8,320	425	-	-	8,745
Addition to ROU	4,348	100	-	-	4,448
Depreciation and amortisation expenses	14,178	232	-	-	14,410

As of March 31, 2022

Segment assets	154,638	2,428	10,439	(762)	166,743
Segment liabilities	59,434	1,437	70,029	(762)	130,138

*net of interest income and net gain on FVTPL.

Geographical information:

The Company is operating mainly in single geographic segment, i.e. in India. Thus, no information concerning geographical areas is applicable to the Company.



(This space has been intentionally left blank)



Bharti Hexacom Limited
Notes to Financial Statements

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

31 Related party disclosures

- i. Parent Company**
Bharti Airtel Limited
- ii. Ultimate controlling entity**
Bharti Enterprises (Holding) Private Limited. It is held by private trusts of Bharti family, with Mr. Sunil Bharti Mittal's family trust effectively controlling the said company.
- iii. Entity having significant influence over the Company**
Telecommunications Consultants India Limited
- iv. Entity having significant influence over the Parent Company**
Singapore Telecommunications Limited
- v. Other entities with whom transactions have taken place during the year**
 - a. Fellow Subsidiaries**
 - Indian**
Bharti Airtel Services Limited
Bharti Telemedia Limited
Telesonic Networks Limited^
Nextra Data Limited
Airtel Digital Limited
 - Foreign**

Airtel (Seychelles) Limited
Airtel Congo RDC S.A.
Airtel Congo S.A
Airtel Gabon S.A.
Airtel Malawi Public Limited Company
Airtel Madagascar S.A.
Airtel Networks Kenya Limited
Airtel Networks Zambia Plc
Airtel Rwanda Limited
Airtel Tanzania Public Limited Company
Airtel Tchad S.A.
Airtel Uganda Limited
Bharti Airtel Lanka (Private) Limited
Bharti Airtel Nigeria B.V.
Bharti Airtel Uganda Holdings B.V.
Celtel Niger S.A.
 - b. Entity where parent company exercises significant influence**
Airtel Payments Bank Limited
Robi Axiata Limited
Hughes Communication India Pvt. Ltd.
HCIL Comtel Private Limited
 - c. Joint venture of the Parent company**
Indus Towers Limited
 - d. Other related parties ***
Beetel Teletech Limited
Centum Learning Limited



Bharti Hexacom Limited
Notes to Financial Statements

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

Jersey Airtel Limited
Bharti AXA Life Insurance Company Limited

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

vi. Key Management Personnel

Nidhi Lauria, Chief Executive Officer (upto November 11, 2022)
Marut Dilawari, Chief Executive Officer (w.e.f. November 12, 2022)
Kamal Dua, Chief Financial Officer
Richa Gupta Rohatgi, Company Secretary

The remuneration paid to Key Management Personnel of the Company is borne by its Holding company, Bharti Airtel Limited and cross charged as part of a single composite consideration. Accordingly, the same is not reported under related party transaction.



(This space has been intentionally left blank)

Bharti Hexacom Limited
Notes to Financial Statements
(All amounts are in millions of Indian Rupee; unless stated otherwise)

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

	For the year ended March 31, 2023				
	Parent Company^	Fellow subsidiaries	Entity where parent company exercise significant influence	Joint venture of the Parent company	Other related parties
Purchase of fixed assets / bandwidth	832	8	-	13	40
Sale of fixed assets / IRU given	43	-	-	-	-
Rendering of services	10,220	22	14	-	0
Receiving of services	13,398	425	289	2,280	3
Expenses incurred on behalf of others	0	63	0	-	-
Expenses incurred on behalf of the company	1,635	580	-	-	-
Interest charged by others	-	15	-	-	-
Reimbursement of energy expenses	-	-	-	4,358	-
Receiving of assets(ROU / Ind AS 116) #	-	217	-	9,535	-
Repayment of Lease liability	-	35	-	3,081	-
Guarantees and collaterals	3	-	-	-	-

	For the year ended March 31, 2022				
	Parent Company	Fellow subsidiaries	Entity where parent company exercise significant influence	Joint venture of the Parent company	Other related parties
Purchase of fixed assets / bandwidth	52	458	-	-	-
Sale of fixed assets / IRU given	540	-	-	-	15
Rendering of services	8,871	6	11	-	-
Receiving of services*	4,410	493	188	1,981	9
Expenses incurred on behalf of others	7	58	2	-	-
Expenses incurred on behalf of the company	1,250	206	-	-	-
Interest charged by others	-	1	-	-	-
Reimbursement of energy expenses	-	-	-	3,744	-
Receiving of assets(ROU / Ind AS 116) #	-	87	-	1,294	-
Repayment of Lease liability	-	-	-	3,658	-
Guarantees and collaterals	1	-	-	-	-



(This space has been intentionally left blank)

Bharti Hexacom Limited
Notes to Financial Statements

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

The details of significant transactions with related parties for the year ended March 31, 2023 and March 31, 2022 are provided below:-

	For the year ended	
	March 31, 2023 [^]	March 31, 2022
(i) Receiving of services		
Parent Company Bharti Airtel Limited [™]	13,398	(4,410)
Joint venture of the parent company# Indus Towers Limited (formerly known as Bharti Infratel Limited)	2,280	1,980
(ii) Rendering of services		
Parent Company Bharti Airtel Limited	10,220	8,871
(iii) Reimbursement of energy expenses		
Joint venture of the parent company Indus Towers Limited (formerly known as Bharti Infratel Limited)	4,358	3,744
(iv) Purchase of fixed assets / bandwidth (net)		
Parent Company Bharti Airtel Limited	832	(52)
(v) Sale of fixed assets / IRU given		
Parent Company Bharti Airtel Limited	43	540
(vi) Expenses incurred on behalf of the company		
Parent Company Bharti Airtel Limited	1,635	1,236
(vii) Receiving / termination of assets(ROU)@#		
Joint venture of the parent company \$ Indus Towers Limited (formerly known as Bharti Infratel Limited)	9,535	1,294

Amount does not include GST.

* Include one time settlement of Rs. 19,920 for previous year ended March 31, 2022.

@ Amount disclosed above is net of termination.

\$ During the year ended March 31, 2023, the Company has made payment of Rs. 3,081 respectively in respect of lease liability.



(This space has been intentionally left blank)

Bharti Hexacom Limited
Notes to Financial Statements
(All amounts are in millions of Indian Rupee; unless stated otherwise)

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

	Parent Company [^]	Fellow subsidiaries	Entity where parent company exercise significant influence	Joint venture of the Parent company	Other related parties
As of March 31, 2023					
Trade Receivables	356	0	15	-	0
Other Financial assets	42	6	-	98	-
Trade Payables	-	200	0	2,687	6
Guarantees and collaterals	47	-	-	-	-
Lease liabilities @	-	285	-	16,431	-
As of March 31, 2022					
Trade Receivables	18,063	0	7	0	14
Other Financial assets	48	10	0	98	-
Trade Payables	-	423	0	2,241	1
Guarantees and collaterals	50	-	-	-	-
Lease liabilities @	-	88	-	8,877	-

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

[^]Consequent to the amalgamation of Telesonic Networks Limited (Telesonic) and Nettle Infrastructure Investments Limited (Nettle) with Bharti Airtel Limited (Airtel) with appointed date of April 1, 2022, related party transactions of Telesonic and Nettle for the year ended March 31, 2023 have been included with Airtel and disclosed accordingly.

@ It include discounted value of future cash payouts.

32 Leases

Company as a lessee

Right-of-use assets ('ROU')

The following table presents the reconciliation of changes in the carrying value of ROU assets for the year ended March 31, 2023 and March 31, 2022:

	Bandwidth	Plant and equipment	Building	Leasehold land	Total
Balance as at April 1, 2021	1,036	11,419	116	2,190	14,761
Additions	-	2,698	17	1,733	4,448
Depreciation expense	(78)	(2,238)	(25)	(241)	(2,582)
Disposals / adjustments	-	64	(15)	(352)	(303)
Balance as at March 31, 2022	958	11,943	93	3,330	16,324
Balance as at April 1, 2022	958	11,943	93	3,330	16,324
Additions	-	13,155	300	643	14,098
Depreciation expense	(78)	(2,841)	(53)	(336)	(3,308)
Disposals / adjustments	-	(444)	(5)	(275)	(724)
Balance as at March 31, 2023	880	21,813	335	3,362	26,390



• **Bandwidth**

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

• **Plant and equipment**

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

• **Building**

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

• **Leasehold land**

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

Amounts recognised in profit or loss

Leases under Ind AS 116

	For the year ended	
	March 31, 2023	March 31, 2022
Interest on lease liabilities	2,028	1,399
Expenses relating to leases of low-value assets, excluding short-term leases of low value assets	5	6

Amounts recognised in Statement of Cash Flows

	For the year ended	
	March 31, 2023	March 31, 2022
Total cash outflow for leases	2,831	3,461

Termination options

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



Bharti Hexacom Limited
Notes to Financial Statements
(All amounts are in millions of Indian Rupee; unless stated otherwise)

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

	For the year ended	
	March 31, 2023	March 31, 2022
Not later than one year	6,103	4,726
Later than one year but not later than five years	18,415	11,269
Later than five years	15,816	9,527
	40,334	25,522

Company as a lessor- operating lease

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

Amounts recognised in Statement of Profit and Loss

Leases under Ind AS 116	For the year ended	
	March 31, 2023	March 31, 2022
Lease income	505	496

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

Operating leases under Ind AS 116	For the year ended	
	March 31, 2023	March 31, 2022
Less than one year	325	385
One to two years	264	329
Two to three years	62	267
Three to four years	40	62
Four to five years	30	40
More than five years	82	104
	803	1,187

Company has entered into non-cancellable lease arrangements to provide dark fiber on IRU basis and tower assets on site-sharing basis. Due to the nature of these transactions, it is not possible to compute gross carrying amount, depreciation for the year and accumulated depreciation of the asset given on operating lease as of March 31, 2023 and March 31, 2022 and accordingly, the related disclosures are not provided.



33 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 unpredictability of these elements and seek to minimise the potential adverse effects on its financial performance.

The financial risk management for the Company is driven by the Company's senior management ('CSM'), in close co-ordination with internal / external experts subject to necessary supervision. The Company does not undertake any speculative transactions either through derivatives or otherwise. The CSM are accountable to the Board of Directors and Audit Committee. They ensure that the Company's financial risk-taking activities are governed by appropriate financial risk governance framework, policies and procedures. The Board of Directors of the Company periodically reviews the exposures to financial risks, and the measures taken for risk mitigation and the results thereof.

(i) Foreign currency risk

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

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, 2023			
US Dollars	+5%	(21)	-
	-5%	21	-
EURO	+5%	0	-
	-5%	(0)	-
For the year ended March 31, 2022			
US Dollars	+5%	(12)	-
	-5%	12	-
EURO	+5%	(0)	-
	-5%	0	-



Bharti Hexacom Limited
Notes to Financial Statements

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

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

The above sensitivity analysis is based on a reasonable 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 CSM in a manner which enables the Company to achieve an optimum debt-mix basis its overall objectives and future market expectations.

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

Interest rate sensitivity of borrowings

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

Interest rate sensitivity	Increase / decrease in basis points	Effect on profit before tax
For the year ended March 31, 2023		
INR - borrowings	+100	(0)
	-100	0
For the year ended March 31, 2022		
INR - borrowings	+100	(0)
	-100	0



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

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

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

(iii) Price risk

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

(iv) Credit risk

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

The Company is exposed to credit risk mainly with respect to trade receivables.

Trade receivables

The Trade receivables of the Company are typically non-interest bearing un-secured and derived from sales made to a large number of independent customers. As the customer base is widely distributed both economically and geographically, there is no concentration of credit risk. The credit period provided by the Company to its customers (other than Group entities), generally ranges between 14-30 days. For details of trade receivables / revenues from related-parties, refer note 31.

The Company uses a provision matrix to measure the ECL 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 impaired if the payments are more than 90 days past due.



Bharti Hexacom Limited
Notes to Financial Statements
(All amounts are in millions of Indian Rupee; unless stated otherwise)

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

	Neither past due nor impaired	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, 2023	788	348	101	19	233	1,489
Trade receivables as of March 31, 2022	20,091	279	142	79	367	20,958

The Company performs on-going credit evaluations of its customers' financial condition and monitors the credit-worthiness of its customers to which it grants credit in its ordinary course of business.

Financial instruments and cash deposits

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

(v) Liquidity risk

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

Moreover, the Company's senior management regularly monitors the rolling forecasts of the entity's liquidity reserve (comprising of the amount of available un-drawn credit facilities and Cash and cash equivalents) and the related requirements, to ensure they have sufficient cash on an on-going basis to meet operational needs while maintaining sufficient headroom at all times on its available un-drawn committed credit facilities, so that there is no breach of borrowing limits or relevant covenants on any of its borrowings. For details as to the Borrowings, refer Note 15.

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



Bharti Hexacom Limited
Notes to Financial Statements

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

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

	As of March 31, 2023						Total
	Carrying amount	On demand	Less than 6 months	6 to 12 months	1 to 2 years	> 2 years	
Interest bearing borrowings*#	64,558	31	2,501	16,020	22,627	42,790	83,969
Other financial liabilities#	8,396	237	8,159	-	-	-	8,396
Trade payables	14,406	-	14,406	-	-	-	14,406
Lease liabilities	29,343	-	3,609	2,494	4,862	29,369	40,334
Financial liabilities	116,703	268	28,675	18,514	27,489	72,159	147,105

	As of March 31, 2022						Total
	Carrying amount	On demand	Less than 6 months	6 to 12 months	1 to 2 years	> 2 years	
Interest bearing borrowings*#	72,873	22	12,326	13,800	17,200	42,776	86,124
Other financial liabilities#	2,873	221	2,566	86	-	-	2,873
Trade payables	14,952	-	14,952	-	-	-	14,952
Lease liabilities	18,701	-	3,007	1,719	3,092	17,705	25,523
Financial liabilities	109,399	243	32,851	15,605	20,292	60,481	129,472

* Includes contractual interest payment based on interest rate prevailing at the end of the reporting period over the tenor of the borrowings.

Interest accrued has been included in interest bearing borrowings and excluded from other financial liabilities.

The following table provides the reconciliation of liabilities whose cash flow movements are disclosed as part of financing activities of Statement of Cash Flows:

	Non-cash changes				
	April 1, 2022	Cash flows	Interest expense	Others	March 31, 2023
Borrowings*	71,983	(24,428)	-	15,138	62,693
Interest accrued	890	(4,830)	6,362	(558)	1,865
Lease liabilities	18,701	(2,831)	-	13,473	29,343

	Non-cash changes				
	April 1, 2021	Cash flows	Interest expense	Others	March 31, 2022
Borrowings*	59,752	8,115	-	4,116	71,983
Interest accrued	1,573	(2,823)	5,708	(3,568)	890
Lease liabilities	17,983	(3,461)	-	4,179	18,701

*It does not include deferred payment liabilities and bank overdraft.



Bharti Hexacom Limited
Notes to Financial Statements

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

(vi) Disclosure of non-cash transactions

	For the year ended	
	March 31, 2023	March 31, 2022
ROU additions during the year by means of lease	14,097	4,448
Acquisition of intangible assets and intangible assets under development acquired by means of deferred payment liability	13,456	1,007

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 calculated as below:

	As of	
	March 31, 2023	March 31, 2022
Borrowings	62,693	71,983
Less: Cash and cash equivalents	555	885
Net Debt (A)	62,138	71,098
Equity	42,095	36,605
Total Capital (B)	42,095	36,605
Capital and Net Debt (C = A+B)	104,233	107,703
Gearing Ratio (A/C)	59.6%	66.0%



(This space has been intentionally left blank)



Bharti Hexacom Limited
Notes to Financial Statements
(All amounts are in millions of Indian Rupee; unless stated otherwise)

34 Fair Value of financial assets and liabilities

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

		Carrying Value as of		Fair Value as of	
		March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
Financial Assets					
FVTPL					
Investments - quoted	Level 1	10,460	490	10,460	490
Amortised cost					
Trade receivables		1,489	20,958	1,489	20,958
Cash and cash equivalents		555	885	555	885
Other bank balances		332	324	332	324
Other financial assets		14,409	13,250	14,409	13,250
		27,245	35,907	27,245	35,907
Financial Liabilities					
Amortised cost					
Borrowings- fixed rate	Level 1	34,969	58,802	33,071	58,251
Borrowings- fixed rate	Level 2	27,693	13,141	26,893	13,162
Borrowings- floating rate		31	40	31	40
Trade payables		14,406	14,952	14,406	14,952
Other financial liabilities		10,261	3,763	10,261	3,763
		87,360	90,698	84,662	90,168

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

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

The following table describes the key inputs used in the valuation (basis discounted cash flow technique) of the Level 2 financial assets / liabilities as of March 31, 2023 and March 31, 2022:

Financial liabilities	Inputs used
Fixed Rate borrowings	Prevailing interest rates in market, future payouts, Interest rates



Bharti Hexacom Limited
Notes to Financial Statements

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

During the year ended March 31, 2023 and year ended March 31, 2022, 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.

35 Ratios

The following are analytical ratios for the year ended March 31, 2023 and March 31, 2022

Ratio	Numerator	Denominator	March 31, 2023	March 31, 2022	% Variance
Current Ratio - [no. of times]	Current Assets	Current Liabilities	0.47	0.65	(27.5%)
Debt-equity Ratio - [no. of times]*	Non-Current borrowings (+) current borrowings (-) cash and cash equivalents	Equity	1.48	1.94	(24.0%)
Debt service coverage ratio - [no. of times]	Profit before depreciation, amortisation, finance costs, exceptional items and tax	Interest expenses (+) principal repayments of long-term debt (+) payment of lease liabilities	3.42	0.90	280.1%
Return on equity ratio - [no. of times]	Profit / (loss) for the year	Average Equity	0.14	0.59	76.5%
Trade receivables turnover ratio - [no. of days]	Average trade receivables	Revenue from operations / no of days for the period	62	76	(17.6%)
Net capital turnover ratio - [no. of times]	Revenue from operations	Working Capital (i.e. Current assets – Current liabilities)	(2.03)	(2.51)	19.1%
Net profit ratio (%)	Profit / (loss) for the year	Revenue from operations	8.3%	31.0%	73.1%
Return on capital employed (%)	EBIT	Average Capital Employed#	10.7%	4.1%	(161.5%)
Return on investment	Income generated from investments	Time weighted average investment	5.02%	3.13%	60.7%

*excluding lease liabilities

Average capital employed= Average of (Equity + Net Debt)

Explanation where variance in ratio is more than 25%

Current Ratio

Decrease is majorly on account of decrease in trade receivables.

Debt service coverage ratio

Increase is majorly on account of increase in EBITDA

Return on equity ratio

Decrease on accounts of lower PAT during the year.

Trade receivables turnover ratio

Decrease is majorly on account of increase in revenue

Net profit ratio

Decrease on accounts of lower PAT during the year and increase in revenue.

Return on capital employed

Increase on account of higher EBIT during the year.

Return on investment

Increase on account of income generated from investments.



Bharti Hexacom Limited
Notes to Financial Statements
(All amounts are in millions of Indian Rupee; unless stated otherwise)

36. Relationship with struck off companies

March 31, 2023

S No.	Name of struck off company	Nature of transactions	Balance outstanding as of March 31, 2023
1	ONLINE MANOJ PRIVATE LIMITED	Receivables	0
2	P C PATEL AGRO FARM PVT LTD	Receivables	0
3	SOLRAD (OPC) PRIVATE LIMITED	Receivables	0
4	TRUEBLUE TOURS AND TAXI PRIVATE LIMITED	Receivables	0
5	WORKOLEX SERVICES (OPC) PRIVATE LIMITED	Receivables	0
6	CLIMAX TECHNOLOGIES PRIVATE LIMITED	Receivables	-
7	SARVCON TRAINING AND CONSULTANTS PRIVATE LIMITED	Receivables	-
8	SHREE SANWARE ORGANIC PRIVATE LIMITED	Receivables	-
9	SOLARS4U INFRATECH PRIVATE LIMITED	Receivables	-

March 31, 2022

S No.	Name of struck off company	Nature of transactions	Balance outstanding as of March 31, 2022
1	Helpsure Multi-Trade Pvt Ltd	Receivables	0
2	MS SVHTECH PVT LTD	Receivables	-
3	STERING ENTERPRISES PRIVATE LIMITED	Receivables	-

