

**Bharti Telemedia Limited**

**Ind AS Financial Statements**

**March 2017**

**Bharti Telemedia Limited**

**Ind AS Financial Statements – March 2017**

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# **Independent Auditor's Report**

**INDEPENDENT AUDITOR'S REPORT**

To the Members of Bharti Telemedia Limited

**Report on the Ind AS Financial Statements**

We have audited the accompanying Ind AS financial statements of Bharti Telemedia Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2017, the Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

**Management's Responsibility for the Ind AS Financial Statements**

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act, read with Rule 3 of the Companies (Accounts) Rules, 2015 and the Companies (Indian Accounting standards) Rules, 2016 issued by Ministry of Corporate Affairs. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of 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 the design, implementation and maintenance of adequate internal financial control that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express an opinion on these Ind AS financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit of the Ind AS financial statements in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the Ind AS financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS financial statements.



## **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2017, its profit including other comprehensive loss, its cash flows and the changes in equity for the year ended on that date.

## **Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure 1 a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by section 143 (3) of the Act, 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 purpose 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, Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of accounts;
  - (d) In our opinion, the aforesaid Ind AS financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 3 of the Companies (Accounts) Rules, 2015 and the Companies (Indian Accounting Standards) Rules, 2016 issued by Ministry of Corporate Affairs;
  - (e) On the basis of written representations received from the directors as on March 31, 2017, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2017, from being appointed as a director in terms of section 164 (2) of the Act;
  - (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report dated June 16, 2017 in "Annexure 2" to this report;
  - (g) 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, and Companies (Audit and Auditors) Amendment Rules, 2017 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 Ind AS financial statements - Refer Note 20 to the Ind AS financial statements;
    - ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts - Refer Note 31 to the Ind AS financial statements;
    - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.



# **S.R. BATLIBOI & ASSOCIATES LLP**

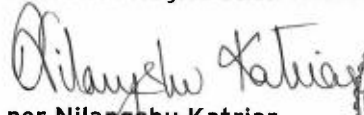
Chartered Accountants

- iv. As per books of accounts of the Company and as represented by the management of the Company, the Company did not have cash balance as on November 8, 2016 and December 30, 2016 and has no cash dealings during this period

For **S.R. Batliboi & Associates LLP**

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004

  
per **Nilangshu Katriar**  
Partner  
Membership Number: 58814



Place: New Delhi

Date: June 16, 2017

**Annexure 1 referred to in paragraph 1 of 'Report on other Legal and Regulatory Requirements'  
Re: BHARTI TELEMEDIA LIMITED ('the Company')**

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The capitalized fixed assets other than customer premises equipment are physically verified by the management according to planned program designed to cover all items over a period of three years, which in our opinion is reasonable having regard to the size of the Company and nature of its assets. Pursuant to the program, the Company has covered a portion of fixed assets other than customer premises equipment in the current year. Further, with respect to capital inventory lying with third parties, where confirmations are received, the Company is in process of further strengthening the reconciliation process for such inventories. As informed, no material discrepancies were noted on such verification/ reconciliation.
- (c) According to the information and explanations given by the management, there are no immovable properties, included in property, plant and equipment of the Company and accordingly, the requirements under paragraph 3(i)(c) of the Order are not applicable to the Company.
- (ii) The Company's business does not involve inventories and, accordingly, the requirements under paragraph 3(ii) of the Order are not applicable to the Company.
- (iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Companies Act, 2013. Accordingly, the provisions of clause 3(iii) (a), (b) and (c) of the Order are not applicable to the Company and hence not commented upon.
- (iv) In our opinion and according to the information and explanations given to us, there are no loans, investments, guarantees and securities granted in respect of which provisions of section 185 and 186 of the Companies Act, 2013 are applicable and hence not commented upon.
- (v) The Company has not accepted any deposits from the public.
- (vi) To the best of our knowledge and as explained, the Central Government has not specified the maintenance of cost records under clause 148(1) of the Companies Act, 2013, for the services of the Company.
- (vii)(a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, value added tax, excise duty, cess, entry tax, and other material statutory dues applicable to it. The provisions relating to Investor education protection fund and wealth tax are not applicable to the Company.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, cess, entry tax, and other material undisputed statutory dues were outstanding as at the year end, for a period of more than six months from the date they became payable.



- (c) According to the records of the Company, the dues outstanding of sales-tax, duty of customs, and entry tax on account of any dispute, are as follows:

Name of Statute	Nature of Dues	Amount Disputed	Period to which it relates	Forum where dispute is pending
		(In Rs. Mn)		
Andhra Pradesh VAT Act	Sales tax	20	2008-09	Sales Tax appellate Tribunal
Andhra Pradesh VAT Act	Sales tax	318	2009-14	Appellate Deputy Commissioner, Panjagutta
Andhra Pradesh VAT Act	Sales tax	39	2014-17	CTO
Bihar Value Added Sales Tax Act	Sales tax	1	2014-15	Deputy Commissioner, Commercial Tax, Karmnasha, Bhahua, Bihar
Bihar Value Added Sales Tax Act	Sales tax	198	2011-15	Joint Commissioner
Bihar Value Added Sales Tax Act	Sales tax	21		Joint Commissioner
Kerala Value Added Tax Act	Sales tax	0	2014-15	Asst. Commissioner, Special Circle - III, Ernakulam
Kerala Value Added Tax Act	Sales tax	0	2014-15	Intelligence Inspector Squad No. VI, Commercial Taxes, Nedumanagad, TVM
Kerala Value Added Tax Act	Sales tax	0	2015-16	The Intelligence Inspector, Kunhipally
Kerala Value Added Tax Act	Sales tax	0	2012-13	Asst. Commissioner, Intelligence. Calicut
Kerala Value Added Tax Act	Sales tax	0	2012-13	Intelligence Inspector Squad No. I, Alappuzha
Kerala Value Added Tax Act	Sales tax	0	2011-12	Commercial tax Officer
Kerala Value Added Tax Act	Sales tax	0	2013-14	Intelligence Inspector
TRIPURA VALUE ADDED TAX ACT, 2004	Sales tax	51	2008-10	Supreme Court
TRIPURA VALUE ADDED TAX ACT, 2004	Sales tax	66	2010-14	Office of the Superintendent of Taxes, Agartala
UP VAT Act	Sales tax	302	2008-16	Additioanl Commissioner
<b>Sub Total (A)</b>		<b>1,018</b>		
INCOME TAX ACT, 1961	Income Tax	1	2010-13,2014-15	Assessing Officer
<b>Sub Total (B)</b>		<b>1</b>		

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 deposited in respect of Sales tax is Rs 294 Mn.

- (viii) Based on our audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to a financial institution, bank or debenture holders or government.
- (ix) In our opinion and according to information and explanations given by the management, monies raised by way of term loans were applied for the purposes for which those were raised.
- (x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that no fraud on or by the officers and employees of the Company has been noticed or reported during the year.





# **S.R. BATLIBOI & ASSOCIATES LLP**

Chartered Accountants

- (xi) Based on our audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that the managerial remuneration has been paid/ provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V of the Companies Act, 2013.
- (xii) In our opinion, the Company is not a nidhi company. Therefore, the provisions of clause 3(xii) of the order are not applicable to the Company and hence not commented upon.
- (xiii) Based on our audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards.
- (xiv) According to the information and explanations given to us and on an overall examination of the balance sheet, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and hence, reporting requirements under clause 3(xiv) are not applicable to the Company and not commented upon.
- (xv) Based on our audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him as referred to in section 192 of Companies Act, 2013.
- (xvi) According to the information and explanations given to us, the provisions of section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company.

**For S.R. Batliboi & Associates LLP**

Chartered Accountants

ICAI Firm Registration Number: 101049W/ E300004

  
per Nilangshu Katriar  
Partner  
Membership No.:58814



Place: New Delhi

Date: June 16, 2017

**ANNEXURE 2 TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE IND AS FINANCIAL STATEMENTS OF BHARTI TELEMEDIA LIMITED**

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

**To the Members of Bharti Telemedia Limited**

We have audited the internal financial controls over financial reporting of Bharti Telemedia Limited ("the Company") as of March 31, 2017 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 based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the 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 Act.

**Auditor's Responsibility**

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

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

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

**Meaning of Internal Financial Controls Over Financial Reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail,



# **S.R. BATLIBOI & ASSOCIATES LLP**

Chartered Accountants

accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

## **Inherent Limitations of Internal Financial Controls Over Financial Reporting**

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

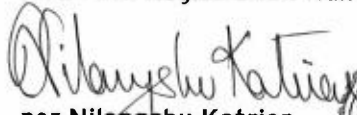
## **Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **S.R. Batliboi & Associates LLP**

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004

  
per **Nilangshu Katriar**  
Partner  
Membership Number: 58814



Place: New Delhi

Date: June 16, 2017

**Ind AS Financial Statements**


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

	Notes	As of		
		March 31, 2017	March 31, 2016	April 1, 2015
<b>Assets</b>				
<b>Non-current assets</b>				
Property, plant and equipment	6	18,166	17,563	16,317
Capital work-in-progress	6	2,065	2,494	982
Intangible assets	7	94	179	155
<b>Financial assets</b>				
- Derivative instruments		2	-	-
- Security deposits	8	-	-	58
- Others	9	110	1	-
Other non-current assets	10	1,571	669	453
		<b>22,008</b>	<b>20,906</b>	<b>17,965</b>
<b>Current assets</b>				
<b>Financial assets</b>				
- Derivative instruments		1	-	-
- Trade receivables	11	409	402	252
- Cash and cash equivalents	12	43	7	54
- Security deposits	8	60	58	-
- Others	9	83	88	74
Current tax assets		189	180	126
Other current assets	10	429	1,278	756
		<b>1,214</b>	<b>2,013</b>	<b>1,262</b>
<b>Total Assets</b>		<b>23,222</b>	<b>22,919</b>	<b>19,227</b>
<b>Equity and Liabilities</b>				
<b>Equity</b>				
Share capital	14	5,102	102	102
Other equity		(32,929)	(31,530)	(30,378)
		<b>(27,827)</b>	<b>(31,428)</b>	<b>(30,276)</b>
<b>Non-current liabilities</b>				
<b>Financial liabilities</b>				
- Borrowings	15	21,249	26,497	26,574
- Derivative instruments		-	-	2
- Others	16	422	806	452
Deferred revenue		2,478	3,230	3,838
Provisions	17	47	43	36
		<b>24,196</b>	<b>30,576</b>	<b>30,902</b>
<b>Current liabilities</b>				
<b>Financial liabilities</b>				
- Borrowings	15	790	-	11
- Current maturities of long-term borrowings	15	560	-	-
- Derivative instruments		-	2	76
- Trade Payables	18	13,667	12,473	9,690
- Others	16	1,249	2,066	1,047
Deferred revenue		6,080	5,708	4,960
Provisions	17	47	41	34
Other current liabilities	19	4,460	3,481	2,783
		<b>26,853</b>	<b>23,771</b>	<b>18,601</b>
<b>Total Liabilities</b>		<b>51,049</b>	<b>54,347</b>	<b>49,503</b>
<b>Total Equity and Liabilities</b>		<b>23,222</b>	<b>22,919</b>	<b>19,227</b>

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

For S. R. Batliboi & Associates LLP  
Chartered Accountants  
ICAI Firm Registration No: 101049W/E300004

*Nilangshu Katriar*  
As per our report of even date  
per Nilangshu Katriar  
Partner  
Membership No: 58814



Place: New Delhi  
Date: June 16, 2017

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

*Srikanth Balachandran*  
Srikanth Balachandran  
Director  
DIN: 02815932

*Saloni Agarwal*  
Saloni Agarwal  
Company Secretary

*Devendra Khanna*  
Devendra Khanna  
Director  
DIN: 01996768

*Vishnu Peruvemba Sundararajan*  
Vishnu Peruvemba Sundararajan  
Chief Financial Officer