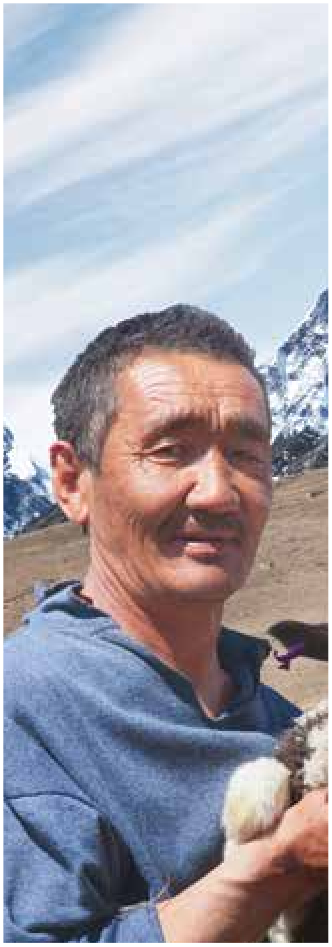
FORM A

Covering letter of the annual audit report

1.	Name of the company	Bharti Infratel Limited
2.	Annual financial statements for the year ended	March 31, 2014
3.	Type of Audit observation	Un-qualified
4.	Frequency of observation	Not Applicable
5.	To be signed by-	
	• Managing Director & CEO	DSRawat (D S Rawat)
	• CFO	Pmiglani (Pankaj Miglani)
	• Auditor of the company	Yogender Seth (Partner, S.R. Batliboi & Co. LLP)
	• Audit Committee Chairman	BSRaut (Bharat Sumant Raut)

Bharti Infratel Limited

Scaling the highest mountains. Navigating the deepest valleys. Just to get to you.



Bharti Infratel Limited

Annual Report **2013-14**

What's inside

Forward Looking Statement

Some information in this report may contain forward-looking statements. We have based these forward looking statements on our current beliefs, expectations and intentions as to facts, actions and events that will or may occur in the future. Such statements generally are identified by forward-looking words such as "believe," "plan," "anticipate," "continue," "estimate," "expect," "may," "will" or other similar words.

A forward-looking statement may include a statement of the assumptions or basis underlying the forward-looking statement. We have chosen these assumptions or basis in good faith, and we believe that they are reasonable in all material respects. However, we caution you that forwardlooking statements and assumed facts or bases almost always vary from actual results, and the differences between the results implied by the forward-looking statements and assumed facts or bases and actual results can be material, depending on the circumstances. You should also keep in mind that any forward-looking statement made by us in this report or elsewhere speaks only as of the date on which we made it. New risks and uncertainties come up from time to time, and it is impossible for us to predict these events or how they may affect us. We have no duty to, and do not intend to, update or revise the forward-looking statements in this report after the date hereof. In light of these risks and uncertainties, any forward-looking statement made in this report or elsewhere may or may not occur and has to be understood and read along with this supplemental disclosure.

Corporate Information

BOARD OF DIRECTORS

Mr. Akhil Gupta
Chairman

Mr. Bharat Sumant Raut

Mr. D S Rawat
Managing Director & CEO

Mr. Jitender Balakrishnan

Ms. Leena Srivastava

Mr. Mark Chin Kok Chong

Mr. N Kumar

Mr. Rakesh Bharti Mittal

Mr. Sanjay Nayar

Mr. Vinod Dhall

COMPANY SECRETARY AND COMPLIANCE OFFICER

Mr. Anupam Garg

STATUTORY AUDITORS

M/s S. R. Batliboi & Co. LLP, *Chartered Accountants*

INTERNAL AUDITORS

M/s Protiviti Consulting Private Limited

REGISTERED OFFICE

Bharti Crescent, 1, Nelson Mandela Road
Vasant Kunj, Phase – II, New Delhi 110 070

HEAD OFFICE

901, Park Centra, Sector 30, NH-8, Gurgaon,
Haryana - 122 001

CORPORATE IDENTIFICATION NUMBER (CIN)

L64201DL2006PLC156038

WEBSITE

www.bharti-infratel.com

Building. Sharing. Enabling.

Building towers. Sharing infrastructure. Enabling communications.

India's telecom industry is growing from strength to strength, thanks to an aspirational population, which is eager to receive and share its ideas with the world around.

The country is the world's second largest telecommunications market, with the potential for significant employment generation and revenue for the government.

At Bharti Infratel, we are at the heart of the telecom revolution, building and sharing vital telecom tower infrastructure and enabling global communications. Operating in an encouraging market scenario, we expect to leverage our scalable assets and grow our revenue to build the business sustainably.

42%
Stake in Indus Towers

83,368
Total Towers

2.01
Closing Sharing Factor

2,000
Solar Powered Towers across India

19,000
Diesel Free Sites

Note : As on March 31, 2014 on a consolidated basis

Our vision

To be the best and most innovative passive communications infrastructure provider globally known for

- Highest uptime
- Speed and quality of deployment
- Cost and energy efficiencies
- Environment friendliness

CORE VALUES

Energy: Positive, Passionate, Involved

Committed to exceed business expectations by demonstrating ownership, passion, speed and quality

Pioneering

To do path breaking initiatives leading to major sustainable benefits for the organisation and give it a competitive edge at all times

Respect & Fairness to All Stakeholders

Treat all our stakeholders with respect and be fair in all our transactions

Service Orientation

Mindset to act with a positive attitude with an intent to exceed stakeholder / customer expectations at all times

Continuous Improvement

To set new benchmarks in all our business processes and parametres and improve them at regular intervals

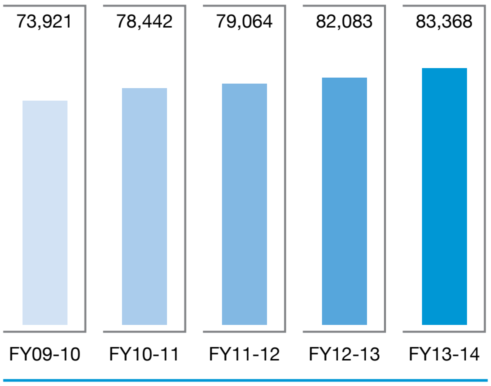
On a consolidated basis, we are one of the largest pan-India tower infrastructure providers, based on the number of towers owned and operated by Bharti Infratel and Indus that are represented by Bharti Infratel's 42% equity interest in Indus.

Performance Highlights

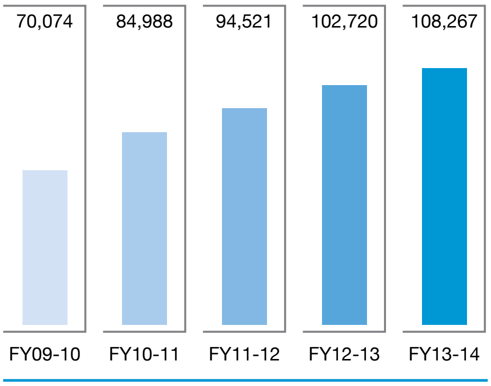
Particulars	Units	Full Year Ended[6]				
		2010	2011	2012	2013	2014
Consolidated Operating Highlights						
Total Towers	Nos	73,921	78,442	79,064	82,083	83,368
Total Co-locations	Nos	124,819	142,086	149,908	156,608	167,202
Average Sharing factor	Times	1.57	1.75	1.85	1.90	1.96
Closing Sharing factor	Times	1.69	1.81	1.90	1.91	2.01
Sharing Revenue per Tower per month	₹	53,452	60,724	64,931	66,034	66,273
Sharing Revenue per Sharing Operator per month	₹	33,968	34,665	35,025	34,717	33,862
Consolidated Financials						
Revenue[1&7]	₹ Mn	70,074	84,988	94,521	102,720	108,267
EBITDA[1]	₹ Mn	23,905	31,077	35,269	38,102	44,118
EBIT[1]	₹ Mn	6,331	10,906	13,830	15,852	22,742
Cash profit from operations[1]	₹ Mn	18,193	24,417	29,069	32,036	37,742
Profit before Tax	₹ Mn	3,691	7,769	11,282	15,307	23,232
Profit after Tax	₹ Mn	2,373	5,394	7,491	10,025	15,179
Capex	₹ Mn	32,587	24,098	14,103	21,470	15,268
-of Which Maintenance & General Corporate Capex[5]	₹ Mn	-	-	-	3,916	4,071
Operating Free Cash Flow[1&4]	₹ Mn	(10,853)	4,643	19,039	17,833	26,471
Adjusted Fund From Operations(AFFO)[1&5]	₹ Mn	-	-	-	32,064	37,668
Total Capital Employed	₹ Mn	166,570	166,806	157,652	144,735	137,363
Net Debt / (Net Cash)	₹ Mn	30,226	26,823	12,411	(27,190)	(43,020)
Shareholder's Equity	₹ Mn	136,344	139,983	145,241	171,925	180,382
Key Ratios						
EBITDA Margin[2]	%	34.1	36.6	37.3	37.1	40.7
EBIT Margin[2]	%	9.0	12.8	14.6	15.4	21.0
Net Profit Margin[2]	%	3.4	6.3	7.9	9.8	14.0
Net Debt / (Net Cash) to EBITDA (LTM)	Times	1.26	0.86	0.35	(0.71)	(0.98)
Interest Coverage ratio (LTM)	Times	6.75	7.19	8.66	9.66	11.04
Return on Capital Employed (LTM)	%	4.0	6.5	8.5	10.5	16.1
Incremental Return on Capital Employed (LTM)	%	9.5	47.8	∞[3]	∞[3]	∞[3]
Return on Shareholder's Equity (LTM)	%	2.0	3.9	5.3	6.3	8.6
Incremental Return on Shareholder's Equity (LTM)	%	0.8	16.7	47.1	15.9	29.3
Valuation Indicators						
Market Capitalisation	₹ Bn	N.A	N.A	N.A	338	384
Enterprise Value	₹ Bn	N.A	N.A	N.A	311	341
EV / EBITDA (LTM)	Times	N.A	N.A	N.A	8.16	7.74
EPS (Diluted)	₹	1.42	3.09	4.29	5.61	8.02
PE Ratio	Times	N.A	N.A	N.A	31.89	25.37

1. Revenue, EBITDA, EBIT, Cash profit from operations, Operating free cash flow and Adjusted Fund from Operations (AFFO) are excluding other income.
2. EBITDA, EBIT and Net profit margin have been computed on revenue excluding other income.
3. Incremental Return on Capital employed as at the end of relevant periods is not ascertainable as the capital employed for the year end was lower than capital employed as at the end of the corresponding previous period.
4. Operating free cash flow for the full year ended March 31, 2013 have been adjusted for change in estimate of site restoration obligation.
5. Reporting for these key parameters started from year ended March 31, 2013.
6. Previous periods' figures have been regrouped/rearranged wherever necessary to confirm to current period's classifications.
7. Revenue for the full year ended March 31, 2010, 2011, 2012 and 2013 includes uneliminated IRU income, the accrual of which discontinued post Indus Merger.

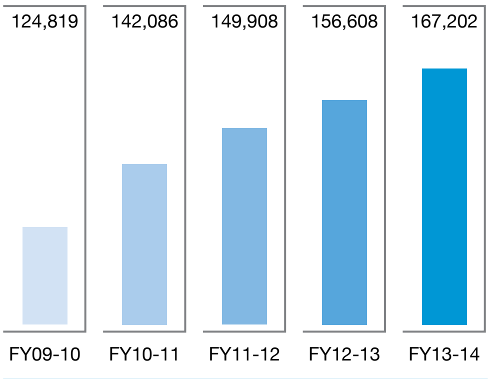
Total Towers (Nos.)



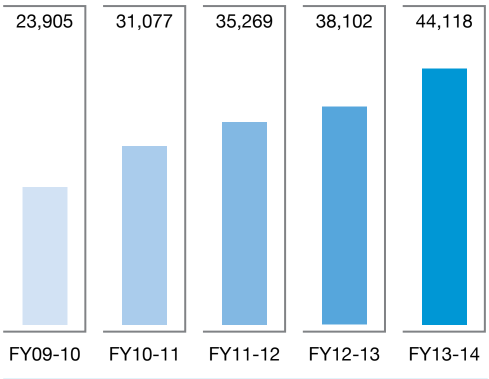
Revenue[1&2] (₹ Mn)



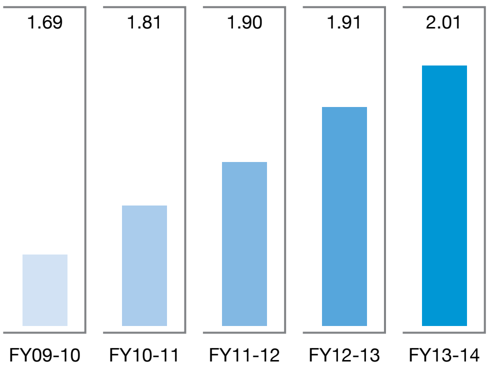
Total Co-locations (Nos.)



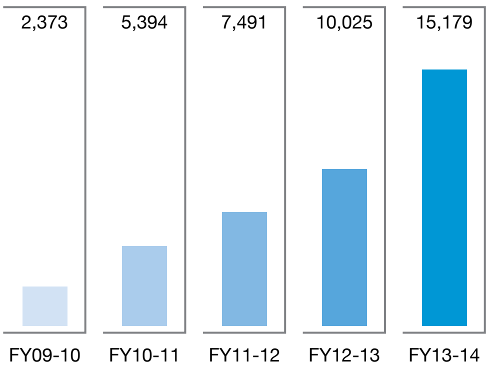
EBITDA[1] (₹ Mn)



Closing Sharing Factor (Times)



Profit after Tax (₹ Mn)



1. Revenue and EBITDA are excluding other income.
2. Revenue for the full year ended March 31, 2010, 2011, 2012 and 2013 includes uneliminated IRU income, the accrual of which discontinued post Indus Merger.

Message from Chairman

People and Partners have been at the heart of our success as a business enterprise. Your Company has diligently built a cohesive and employee-friendly work culture that emphasises customer centricity, teamwork and continuous improvement.

Dear Shareholders,

The year 2013-14 was one of hope, optimism and positive developments. Telecom industry in India which was witnessing a slowdown in the last few years due to regulatory uncertainties and lacklustre financial performance finally saw some significant constructive events in FY 2013-14.

The regulatory environment improved significantly - especially with the spectrum auctions conducted in February 2014. The operators collectively bid over ₹ 61,000 Crores (10 Bn USD) to acquire spectrum in 900 and 1800 MHz bands, primarily for future rollouts of data networks in 3G and 4G (LTE) technologies. Overall, investments by operators in various spectrum bands since 2010 now stand at ₹ 180,427 Crores (29 Bn USD). Since spectrum in these auctions has been allotted for 20 years, these investments have provided the operators much needed certainty on spectrum, business continuity and long-term viability. With this certainty, along with the fact that very large investments in spectrum have already been made, it is expected that the operators would have no hesitation in making incremental investments in aggressive rollout of networks – particularly data networks, since data traffic is, in any case, doubling every year. Such rollouts are imperative to protect large investments already made by operators.

Such a scenario indeed augurs well for tower infrastructure providers and we expect the sharing of our infrastructure to pick up further in the coming years. We are particularly excited about the prospect of such data network rollouts on 3G and 4G (LTE) technologies accelerating in coming years. The ecosystem is set to reach a higher level of maturity with more and more compatible smartphones and feature phones being available at lower price points, thereby further increasing data consumption.

As we look back, we are very pleased to note that we have evolved to be a leading non-discriminatory passive tower infrastructure provider, with the highest quality of service. The testimony to this fact is that all operators of the country are our customers. Our priority continues to revolve around securing sustainable, long-term growth. With each passing year, we continue to focus on improving our operational performance – evidenced by revenue of ₹ 10,827 Crores and EBITDA of ₹ 4,412 Crores for the year (growth of 5% and 16%, respectively, over the last year). The Profit after Tax exceeded the ₹ 1,500 Crores mark for the year with an increase of 51% over the preceding year. The Return on Capital Employed (ROCE) improved to 16.1% in the quarter ended March 31, 2014 vis-a-vis 10.5% in the corresponding quarter last year. The Company also remains focused on augmenting shareholder returns. To this effect, it revised its dividend policy upwards this year to practically pay out all of its profits as dividends and dividend tax.

People and Partners have been at the heart of our success as a business enterprise. Your Company has diligently built a cohesive and employee-friendly work culture that emphasises customer centricity, teamwork and continuous improvement. Our strong partner relationships have helped us achieve operational efficiencies and state-of-the-art processes.

While the telecom industry, as per a recent report, accounts for only 1.54% of total diesel consumption in India, we as a responsible company, have always voluntarily stayed focused on running our business in an environmentally sustainable manner. We are pleased to state that today your Company, along with its affiliate Indus Towers, in which it owns 42% equity, has 2,000 solar installations across their networks. We have also been able to significantly reduce the diesel usage through various other green capex measures like Free Cooling Units (FCUs) and enhanced battery banks. As at the end of the year, on a consolidated basis, we had over 19,000 sites with zero diesel consumption.

The CSR initiatives, in association with Bharti Foundation, the philanthropic arm of Bharti Group, continued throughout the year. We are committed to help promote the cause of education among underprivileged rural children.

I would also like to highlight a few management changes. In recognition of the sound performance, the Board and shareholders have approved the appointment of D S Rawat

Overall, the year gone by can best be described as constructive and satisfactory. We were able to demonstrate our operational excellence, financial strength, the sustainability and resilience of our business model, as well as our focus on augmenting returns.

as MD and CEO and his induction into the Board with effect from April 1, 2014. I will continue to discharge my duties as Executive Chairman of the Board.

Overall, the year gone by can best be described as constructive and satisfactory. We were able to demonstrate our operational excellence, financial strength, the sustainability and resilience of our business model, as well as our focus on augmenting returns. For the coming year, we are well positioned to continue to garner a major share of incremental tower and sharing demand and be a beneficiary of faster and wider rollouts on the data networks.

On behalf of all members of the Board, I would like to express my sincere gratitude to all our customers, shareholders, partners, bankers and employees for their unwavering support during the year.

Akhil Gupta
Chairman

Message from Managing Director & CEO

Dear Shareholders,

Indian telecom industry is at the cusp of a positive transformation. The uncertainty of the regulatory and policy environment is gradually making way for enhanced clarity and positivity.

The Government's nod for 100% foreign direct investment (FDI) in the telecom sector is seen as the first step in this direction. The recent buy-out of minority partners by Vodafone to have 100% ownership of Indian operations reflects the strong growth potential of telecom in India. The release of Unified License guidelines by DoT is another positive development, as it brings convergence between various services, networks, platforms and technologies. Moreover, recently announced M&A rules, along with the expected guidelines on spectrum trading and sharing, is likely to facilitate consolidation in the debt-ridden sector for a better competitive environment. Today, the telecom industry in India is ripe for consolidation and Airtel acquiring Loop is just the beginning. In the long run, we believe that consolidation is good for the industry.

Pricing power is returning to operators, leading to better health and viability of the sector. The quest for quality, profitability and viability on the operator side is a welcome sign for long-term growth of the tower industry.

Successful spectrum auctions in February 2014 have provided the much needed long-term certainty and clarity around spectrum and other regulatory policies. This development has now reinforced the industry to take the next step to establish an ecosystem for LTE. Large players are eyeing a national 3G/4G footprint. 4G FDD LTE will now be a reality sooner than expected.

During the year, DoT issued uniform guidelines pertaining to issuance of clearance for installation of mobile towers. It recognises telecom towers as lifeline installations and a critical infrastructure in mobile communication, recommending various benefits in the form of single window clearances and priority electricity connections, among others. The states are working towards framing policies, which are aligned to the guidelines. The government had already demonstrated its focus on telecom towers as vital infrastructure by including telecom tower infrastructure services in the 'Infrastructure sub sector list'. We, as members of the Tower and Infrastructure Providers Association (TAIPA), look forward to some of the benefits, which have been passed on to other infrastructure companies in the past. We are confident that all these positive changes will address the larger aim of telecom affordability and rural penetration, which is one of the key mandates of the government.

A big opportunity lies ahead of us in the form of untapped rural markets with low mobile penetration levels and enormous data traffic growth, being driven by a young and aspirational India. The industry is moving towards the reality of voice and data market, with data playing a significant role in shaping the future of telecom. As data traffic grows multifold, data as a percentage of operator revenue is recording strong growth each quarter. According to a recent study by Nokia Siemens Networks, 3G mobile data traffic grew by 146% y-o-y in 2013, exceeding the global average of mobile broadband data growth, which is doubling every year. Besides, 3G represented 43% of total mobile data in 2013 as against 33% in 2012.

Today, all our major customers have deployed 3G base stations to address the needs of an emerging data-centric environment. The entry of Reliance Jio with a pan-India unified license is another positive. We have signed the tower sharing agreement with Reliance Jio earlier this year. We are proud to say that all operators in the country are our customers. We are excited by the opportunities and are fully equipped to garner a lion's share of the market.

The Company achieved considerable success in gaining its share of the market from all leading telecom operators. On a consolidated basis, the sharing factor grew to reach a healthy ratio of 2.0 times as on March 31, 2014 – this is a critical milestone for a tower Company. We added over 10,500 co-locations during the year on a consolidated basis and over 5,500 co-locations on a standalone basis.

We continued our operational excellence journey throughout the year to define new benchmarks on both the fronts of network uptime and energy cost. Initiatives towards strengthening a green network in the form of solar installations, use of free cooling units in lieu of conventional air conditioners for load optimisation helped us achieve significant energy savings for ourselves and our customers. Special efforts by our people when floods hit Uttarakhand and the super cyclone Phailin hit Odisha to ensure vital telecom connectivity at all times established the robust nature of our business continuity plans. The Company's commitment towards service excellence, even in times of crisis, has been well appreciated by all customers and the Telecom Secretary.

Our people are the pillars of our strategic intent and initiatives. We continue to invest in people excellence with a host of initiatives towards building a culture of service excellence across the organisation. We consistently strive to build a high-performance organisation and are committed to be an employer of choice. Our annual employee engagement survey 'People Pulse 2014' reveals high levels of employee engagement and performance excellence. We see significant improvement in critical organisational drivers of customer service orientation, teamwork, growth and development. Our people take pride in working at Bharti Infratel.

Special efforts by our people when floods hit Uttarakhand and the super cyclone Phailin hit Odisha to ensure vital telecom connectivity at all times established the robust nature of our business continuity plans. The Company's commitment towards service excellence, even in times of crisis, has been well appreciated by all customers and the Telecom Secretary.

As a responsible corporate, we continue to stay focused on building businesses, which positively impact the society we live in. In line with the vision of being known for environment friendliness, the Company continues to deploy people, ideas and capital to help find effective solutions to environmental challenges. Today, we have over 19,000 green towers across the network on a consolidated basis. We are planning to augment solar networks, advanced battery banks and other available technologies, while also adopting the RESCO model on community power concept towards energy conservation.

Overall, 2013-14 turned out to be a year of positivity, growth and excellence, with a reassertion of our long-standing relationships with our customers and leadership through technology and energy initiatives.

I take this opportunity to express my sincere gratitude to all our shareholders, customers, partners and employees for their continued enthusiasm, unflinching trust and support. We are confident that our strong foundation will help strengthen our industry leadership and service delivery over the years.

DSRawat

D S Rawat
Managing Director and Chief Executive Officer

Board of Directors

[1] Akhil Gupta is the **Chairman** of the Company and a **Non-Independent and Executive Director**. Currently the Chairman of TAIPA (Tower and Infrastructure Providers Association) and President of TSSC (Telecom Sector Skill Council), he is a Chartered Accountant and has over 30 years of professional experience. He has also done an 'Advanced Management Programme' at the Harvard Business School in the year 2002.

He has received various awards like the 'CEO of the Year' award at the National Telecom Awards 2012, 'Asia Corporate Dealmaker' Award at the Asia – Pacific M&A ATLAS Awards in 2010 and the 'CA Business Achiever Award' at the ICAI Awards in 2009. He was honoured for 'Outstanding Contribution to the Telecom Sector' by the telecom magazine – tele.net. He has also been inducted to the CFO India – 'Hall of Fame' in recognition of his contribution to the world of finance.

[2] Bharat Sumant Raut is an **Independent and Non-Executive Director** of the Company and Chairman of Audit Committee. He holds Bachelor's degrees in law and commerce from the University of Bombay. He is also a chartered accountant and a fellow member of ICAI. He was, in the past, associated with Sharp and Tannan, Chartered Accountants as a partner, with Price Waterhouse, Chartered Accountants as a partner and with B S R & Co., Chartered Accountants and B S R & Associates, Chartered Accountants as their founding partner. Since 2006 he has been practicing as an advocate.

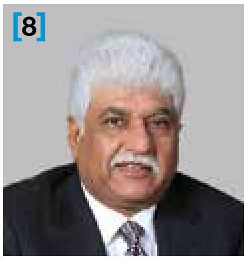
[3] D S Rawat is the **Managing Director and CEO** of the Company. He joined the Company as the CEO in August 2010. Under his leadership, the Company achieved a major milestone of being listed on the two Indian bourses in December 2012. He is a member of the Executive Council Committee of Tower and Infrastructure Providers Association (TAIPA) and the Northern Regional Council of Confederation of Indian Industry (CII).

He holds a Bachelor's degree in Electronics and Communication from Osmania University, Hyderabad and comes from a defence background, having worked as an officer with the Indian Air Force. He has 25 years of in-depth experience in business unit ownership, P&L management, B2B sales, technology and regulatory interfaces within the telecom domain – both from supplier and operator perspective.

[4] Jitender Balakrishnan is an **Independent and Non-Executive Director** of the Company. He holds a Bachelors' degree in Mechanical Engineering from the University of Madras and a Post-Graduate Diploma in Industrial Management from the University of Bombay. He has experience in the financial sector with IDBI Bank Limited where he was the Deputy Managing Director and thereafter, served as an advisor to the said Bank. He is currently an advisor to various corporates, besides serving as an Independent Director on the boards of various companies.

[5] Leena Srivastava is an **Independent and Non-Executive Director** of the Company. She holds a degree of Doctor of Philosophy from the Indian Institute of Science, Bangalore. She is the Vice Chancellor and honorary Executive Director of The Energy and Resources Institute (TERI) at New Delhi. She has worked on various policy issues related to energy for economic growth, climate and the environment.

[6] Mark Chin Kok Chong is a **Non-Independent and Non-Executive Director** of the Company. He was appointed Chief Executive Officer, International, SingTel Group on January 14, 2013. He is responsible for the growth of SingTel Group's international affiliates, strengthening the Group's relationships with overseas partners and driving regional initiatives for scale and synergies. Before this, he was the Chief Operating Officer of the Group's associate in Thailand, Advanced Info Service Plc (AIS) and was in charge



of sales and marketing products, network operations, IT solutions, customers and services management. He joined SingTel in 1997 and has held various positions in sales and marketing. As Executive Vice President of Networks, he managed SingTel's fixed, wireless and international networks, including the newly rolled-out NextGen Nationwide Broadband Network. Before SingTel, he was a member of the Singapore Administrative Service from 1990 to 1997. He has also represented SingTel on the Boards of OpenNet, Globe Telecom, CSLox (Thailand) and other submarine cable joint venture companies.

[7] **N Kumar** is an **Independent and Non-Executive Director** of the Company and Chairman of HR, Nomination and Remuneration Committee and CSR Committee. He is an Electronics Engineer and a fellow member of the Indian National Academy of Engineering. He is also a fellow life member of The Institution of Electronics and Telecommunication Engineers. He is the Vice Chairman of The Sanmar Group, Chennai and is the Honorary Consul General of Greece in Chennai. He is on the Board of various public companies and has over four decades of experience in Technology, Management and Finance. He is the Chairman of National Accreditation Board for Certification Bodies, which is a constituent of Quality Council of India. He is also a member of the Board of Governors of the Institute for Financial Management & Research (IFMR) and several other educational institutions. He has also served as President at the Confederation of Indian Industry earlier and chairs the CII Institute of Quality now.

[8] **Rakesh Bharti Mittal** is a **Non-Independent and Non-Executive Director.** He holds a post-graduate diploma in electronics and controls from the Y.M.C.A. Institute of Engineering, Faridabad. He is currently the Vice Chairman of Bharti Enterprises, the Chairman of Bharti AXA Life Insurance, Bharti AXA General Insurance, FieldFresh Foods, Centum Learning, the Co-Chairman of Bharti Foundation and is on the Board of various companies. He has, in the past, served as a member of the Agricultural and Processed Food Products Export Development Authority and as the Chairman of the various national committees of the Confederation of Indian Industry. He has been awarded the Honorary Doctor of Civil Law Degree by New Castle University, U. K.

[9] **Sanjay Nayar** is a **Non-Independent and Non-Executive Director** of the Company. He holds a Bachelors' degree in Science (Mechanical Engineering) from the University of Delhi and a Post Graduate Diploma in Management from the Indian Institute of Management, Ahmedabad. He is currently the CEO of KKR India Advisors Private Limited. Before this, he was at Citigroup for 25 years with the last 7 years from 2002 to 2009 as CEO for India and South Asia operations.

[10] **Vinod Dhall** is an **Independent and Non-Executive Director** of the Company. He holds a Bachelors' degree in law from the University of Delhi and a Masters' degree in mathematics from the University of Allahabad. He entered the Indian Administrative Service in 1966 and was the Secretary - Ministry of Corporate Affairs, Government of India before his retirement. He was also the first Head of the Competition Commission of India until 2008. He has held various other positions with the Government of India and Government of Madhya Pradesh. He has also been an ex-officio member on the board of SEBI, Life Insurance Corporation, General Insurance Corporation and has worked with the United Nations Industrial Development Organisation. He presently has a leading Law practice specialising in Competition Law.

He also advises on corporate governance issues. He also serves as an Independent Director on the Board of various companies.

Corporate Social Responsibility

To be an ethical corporate citizen committed to adopting business practices that are environment friendly and integrated with our Company's vision of being the best and most innovative passive communications infrastructure provider globally.

SHARING RESPONSIBILITY

At Bharti Infratel, our business strategies and activities are geared to enable the community. The corporate responsibility at Bharti Infratel is categorised into three broad heads:

Environmental Sustainability

Be a Green Company

Reduce carbon footprint and invest in alternate sources of energy

Social Sustainability

Usher in Social Change

Partner in empowering underprivileged children through multiple initiatives

Community Welfare

Enrich lives of people through various operations

BE A GREEN COMPANY

At Bharti Infratel, we have proactively taken steps to create a positive impact on the environment. Our goal to be a Green Company correlates with our business model of tower sharing. Every co-location we add to the network helps in bringing down the energy consumption on a per co-location basis.

We have institutionalised 'GreenTowers P7' programme, aimed at minimising dependency on diesel consumption and thereby, reducing the carbon footprint. The 'GreenTowers P7' programme is based on seven innovative ideas deploying cleaner energy technologies. We have adopted a three-pronged strategy to run this programme:

A. Use of Renewable Energy Resources

Solar Installations

We have 2,000 solar powered towers with installed capacity of ~9 MW as on March 2014. With more than 13 Mn units of energy generation on an annualised basis, it helps us save over 28,000 metric tonnes of CO_2 emissions.

Solar via RESCO – Green Electricity for Community

We encourage energy companies to adopt the RESCO (Renewable Energy Services Company) model to provide power for our towers through a distributed generation approach using clean and renewable energy sources like solar, wind and biomass. The business model enables RESCOs to generate power, which can also be shared with the local communities. This creates a sustainable business model for the RESCOs besides providing the local community with clean and green electricity. In this regard, we have partnered with OMC Power to set up micro power plants next to our towers. These power plants provide clean energy through solar panels. This innovative green model is helping to reduce dependence on diesel powered gensets in off-grid/poor grid locations and also supply eco-friendly power to rural households.

Initiative - Diesel-free Towers

Bharti Infratel has initiated a comprehensive programme to ensure zero diesel consumption at tower sites. Almost 19,000 towers across our network are diesel-free towers.

B. Improving Energy Efficiency of Tower Infrastructure Equipment

Battery Bank Hybrid Solutions

The solution comprises enhancing battery bank charging rate and deploying additional battery banks to ensure DG set runs in optimum load range. This yields enhanced battery backup and thereby, helps reduce DG run hours which minimises diesel consumption. The solution has been implemented on over 12,600 towers.

Variable speed DG sets

Conventional DG set runs at a constant speed irrespective of power load of equipment installed at tower sites. Variable speed DG set solution ensures speed of the DG set is regulated basis the power load of equipment installed at tower sites. Post successful pilots last year, we have installed over 700 units in FY 2013-14 and plan to further scale up in the coming year.

C. Reduction of Equipment Load on Tower Infrastructure Equipment

Free Cooling Units (FCU)

Free Cooling Units utilise the outside ambient air for cooling the shelter and are used as a replacement for air conditioners which were conventionally deployed to cool shelters. FCUs consume less power vis-à-vis air conditioners and thus, help reduce energy consumption.

This solution has been implemented on over 13,000 towers.

[1]
A Bharti Infratel tower standing tall in Stok valley, Leh

ENABLE SOCIAL CHANGE

At Bharti Infratel we have a strong focus on 'education' and believe that quality education can shape India's future. Moreover, it also builds the right human values paving the way for a brighter world. Our association with the Satya Bharti schools is making a positive contribution to society.

₹ 50 Mn
Amount contributed by Bharti Infratel to Satya Bharti Schools in FY 14

[1]

254
Number of operational schools

38,642
Number of students enrolled

74%
Share of students from the underprivileged section


[2]

Satya Bharti Schools – A Ray of Hope

During the year, we contributed more than ₹ 50 Mn towards sponsoring the Satya Bharti Schools (the flagship programme of Bharti Foundation). The schools bring positive sustainable change using educational technology. These schools have been envisioned to be 'temples of learning, radiating knowledge and excellence for underprivileged children' and provide free education to them, with a special focus on educating the girl child.

Modus Oparendi

The focus of Bharti Foundation is to implement and support programmes across primary, secondary and higher education levels with an aim to transform the children of rural India into educated, employable and responsible citizens of tomorrow, with a sense of commitment to the communities in which they live.

The curriculum of Satya Bharti School Programmes is designed to focus on holistic development of children. Besides elementary education, Bharti Foundation has also partnered with premier institutes like the Indian Institute of Technology, Delhi to set-up the Bharti School of Telecommunication Technology and Management. The Programme has also partnered with the Government in setting up learning centres to enrol and mainstream children who are school drop-outs.


[3]

[1]
Satya Bharti School, Bhukhri, Kurukshetra, Haryana

[2]
CSR stint by Graduate Engineer trainees at Satya Bharti School, Jodhpur

[3]
Painting competition for students

Key Achievements

Bharti Infratel, in its own way, has been providing Bharti Foundation financial support and employee participation at Satya Bharti Schools. Other initiatives are:

- Financial contributions towards 'Save the Girl Child' campaign.
- ACT (A Caring Touch) donations for supporting the rural education initiatives at Satya Bharti Schools – a matching contribution plan wherein the Company matches the contribution made by the employees.
- Active employee participation - In December 2013, the entire batch of the Graduate Engineer trainees visited 10 Satya Bharti schools in Jodhpur for 8 days. They taught subjects like Maths, English, Science & Computers and organised activities like drawing competitions and sports events for students.
- Donation of computers, books and other stationery items.

With our various sharing initiatives, we are hopeful that we will be able to lend a bigger helping hand towards empowering more disadvantaged children.


[4]


[5]

The Satya Bharti Difference

- **Free Quality Education**
- **Focus on Girl Child**
- **Trained Teachers & Volunteers**
- **Focus on English & Computers**
- **Pedagogic Supervision & Support to Teachers**
- **Stringent Ongoing Quality Checks & Audit Processes**
- **Activity-based Learning**
- **Healthy & Nutritious Mid-Day Meals**
- **Large Spacious Classrooms**
- **Separate Toilets for Boys & Girls**
- **Running Water Facilities**

[4]
Tree Plantations

[5]
Distribution of toys at Satya Bharti School, Rajasthan Circle

COMMUNITY WELFARE

Mokokchung CSR Programme

As an organisation, we firmly believe in building businesses which have a positive impact on the society we live in. We have embarked on a social transformation mission in the Mokokchung district of Nagaland, North East (NE) telecom circle in 2010.

54
Number of camps conducted to spread awareness

Bharti Infratel has joined hands with a local NGO NMP+ (Network of Mokokchung District People Living with HIV/AIDS) to run a social welfare programme to sensitise people on HIV/AIDS through awareness campaigns. The objective of Bharti Infratel's volunteering programme is to serve communities and improve their quality of life through HIV/AIDS sensitisation programmes to dispel myths about people living with HIV/AIDS and help promote and protect the human rights of people living with HIV/AIDS.

The district of Mokokchung has the highest population of HIV/AIDS affected people in Nagaland (3.5% vis-à-vis national average of 1.5%). This is also one of India's most difficult and remote places - perched at an altitude of over 5,500 feet with no train or air connectivity and roads which are extremely tedious to traverse. The main cause for the widespread prevalence of the disease is the lack of information and resistance to use available medical facilities due to the societal stigma attached.

Snapshot of the Programme

Till date, we have successfully conducted 54 camps and touched lives of 10,000+ local people through direct coverage. This cause has received wide coverage in prominent dailies including 'The Telegraph', thus creating an impact on a large section of society.

Typically, every month two camps are organised, mostly in a cathedral after the Sunday mass. Each camp is a half

[1]
Awareness campaign on HIV / AIDS at Mokokchung

[2]
NGO partner speaks to participants

10,000+
Number of lives touched through our programme

200
Number of families assisted with relief materials

day programme with interactive sessions with speakers talking about HIV & AIDS scenario of Mokokchung, sharing medical facts about HIV/AIDS & ART (Anti Retroviral Therapy/Treatment) and related chronic care. As a part of these sessions, emphasis is laid on promoting social acceptance of people living with HIV/AIDS and training people on critical health care issues and aspects of self management.

Various Government departments, including Health, Public Relations, and Civil Administration have also come forward to join us in these campaigns. The Health department regularly sends their AIDS testing support mobile unit and vehicle, along with personnel in all our camps wherein medical tests are conducted.

These camps have helped establish adequate linkages between local people and the available health services in the region.

Disaster Relief and Support

In June 2013, flash floods triggered by cloudburst and heavy rainfall in Uttarakhand led to massive devastation. Destruction of bridges and roads left about 100,000 pilgrims and tourists trapped in the valleys.

The Bharti Infratel team came forward to provide humanitarian assistance to the victims by donating generously. Volunteers organised a camp in the towns of Dev Prayag and Sri Nagar to help the flood victims. Essential life goods, food packets, water jars and grocery items were distributed in the relief camp. The team also distributed solar lanterns with mobile chargers to villagers and set up rehabilitation cottages for the victims.

In October 2013, Cylone Phailin caused widespread destruction in Odisha and Andhra Pradesh. Odisha was worst affected by the cyclonic storm. Key infrastructure like power supply lines and telecommunication networks were among the worst hit. More than 1,000 towers of Bharti Infratel were affected as a result.

The Bharti Infratel team played a key role in resuming telecom services by deploying quality engineers, technicians and diesel fillers in critical areas. A ‘war room’ was created to handle restoration operations and an alternative communication facility ‘Call Tree’ was set up to transmit real time messages and alarms. Further, the team partnered with a local NGO and provided relief materials to 200 families in the worst hit district of Ganjam.

[3]

The Department of Telecommunications duly expressed its appreciation for Bharti Infratel's quick action to restore its tower network in the region.

Airtel Delhi Half Marathon

Bharti Infratel has been participating in the Airtel Delhi Half Marathon as Corporate Challenge Team to support the cause of the Girl Child's Education. In the year 2013, 55 employees participated in the event while a contribution of ₹ 0.7 Mn was made.

Employee Philanthropy Programme

ACT – 'A Caring Touch' is a Bharti Group Employee Philanthropy Programme where employees are encouraged to donate their time, skills, knowledge, materials and money, to either Bharti Foundation or any other charity empanelled in ACT. All monetary donations made to ACT are matched by similar contributions from Bharti Infratel, as per policy.

A large number of employees show their support by voluntarily contributing a recurring amount every month. Donations given to Bharti Foundation are sent to assist various programmes in the area of education; namely Satya Bharti Schools (Primary) Programme, Schools Improvement Programme, Bharti Computer Centres and Bharti Library Programme, initiated for underprivileged children and Bharti Scholarship Scheme for the youth.

Bharti Foundation shares regular communication to donors about its various projects. The donors are also encouraged to visit the programmes first-hand and conduct regular status and performance audits of how these donations are being spent.

In FY 2013-14, Bharti Infratel made a donation of ₹ 0.41 Mn under the matching contribution scheme to Bharti Foundation.

Joy of Giving Week

Once every year, we celebrate the 'Joy of Giving' week. Each day of the week is dedicated to making a social contribution in the form of a blood donation camp, material donation, visit to a Satya Bharti School or other NGO-run institution, tree plantation and ACT donation. All the materials collected are donated at 'Goonj' centres across various locations.

Employment in Rural Pockets and Up-skilling of Technicians

In our endeavour to enable direct and indirect employability among the rural populace, we hire technicians for tower maintenance from the local community. We are present in some of the remotest locations, where alternative employment opportunities are non-existent. Indirect hiring of the locals has helped several families improve their standards of living. Besides, we invest extensively in training the technicians to improve their technical and supervisory skills.

[3]
Handing over solar lanterns as a part of Uttarakhand flood relief

[4]
Bharti Infratel employees at Airtel Delhi Half Marathon

Business Responsibility Report

SECTION A: GENERAL INFORMATION ABOUT THE COMPANY

1.	Corporate Identity Number (CIN)	L64201DL2006PLC156038
2.	Name of the Company	Bharti Infratel Limited
3.	Registered Address	Bharti Crescent, 1, Nelson Mandela Road, Vasant Kunj, Phase II, New Delhi - 110 070
4.	Website	www.bharti-infratel.com
5.	Email id	compliance.officer@bharti-infratel.in
6.	Financial Year reported	2013-2014
7.	Sector(s) that the Company is engaged in (industrial activity code-wise)	Telecom Tower Infrastructure Sharing Services

Industrial Group	Description
612	Activities of providing Telecom Tower Infrastructure Sharing for telecommunication services

As per National Industrial Classification – Ministry of Statistics and Programme Implementation

8.	List three key products / services that the Company manufactures / provides (as in balance sheet)	Services related to Telecom Tower Infrastructure Sharing. (Acquire, build, own and operate towers and related infrastructure).
9.	Total number of locations where business activity is undertaken by the Company	Bharti Infratel Ltd. is carrying out business activity across all States of Union of India either directly or through its joint venture Indus Towers Limited.
	Number of International Locations (Provide details of major 5)	Nil
	Number of National Locations	Bharti Infratel Ltd. is carrying out business activity across all States of Union of India either directly or through its joint venture Indus Towers Limited.
10.	Markets served by the Company - Local / State / National / International	The Company is serving all Indian markets.

SECTION B: FINANCIAL DETAILS OF THE COMPANY

1. Paid up capital (₹) : 18,893 Mn
2. Total turnover (₹) : 49,993 Mn[1]
3. Total profit after taxes (₹) : 10,899 Mn[2]
4. Total spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%):
   During financial year 2013-14, the Company's contribution on CSR is 0.52% of the net profit after taxes
5. List of activities in which expenditure in 4 above has been incurred:
   - Promotion of education through Bharti Foundation schools and other education trusts
   - Health services and awareness
   - Disaster relief initiatives
   - Community development programmes

[1] On standalone basis, excluding other income

[2] On standalone basis

SECTION C: OTHER DETAILS

1. Does the Company have any Subsidiary Company / Companies? : Yes

   As on March 31, 2014, the Company has one subsidiary company i.e. Bharti Infratel Services Limited.

2. Do the Subsidiary Company / Companies participate in the BR Initiatives of the parent Company? If yes, then indicate the number of such subsidiary company(s). : No

3. Do any other entity / entities (e.g. suppliers, distributors etc.), that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity / entities? [Less than 30%, 30-60%, More than 60%]

   While few initiatives have been undertaken by our esteemed supplier/s, as of now, there is nothing significant to report.

SECTION D: BR INFORMATION

1. Details of Director / Directors responsible for BR:

a) Details of the Director / Directors responsible for implementation of the BR policy / policies:

DIN Number	:	06798626
Name	:	D S Rawat
Designation	:	Managing Director & CEO

b) Details of the BR head:

Name	:	Rajiv Arora
Designation	:	Chief Legal, Regulatory & Corporate Affairs
Telephone no.	:	+91 124 4132222
E-mail id	:	rajiv.arora@bharti-infratel.in

2. Principle-wise (as per NVGs) BR Policy / Policies (Reply in Y / N):

The National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business (NVGs) released by the Ministry of Corporate Affairs has adopted nine areas of Business Responsibility.

Principle 1	Businesses should conduct and govern themselves with Ethics, Transparency and Accountability
Principle 2	Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle
Principle 3	Businesses should promote the well-being of all employees
Principle 4	Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalised
Principle 5	Businesses should respect and promote human rights
Principle 6	Businesses should respect, protect, and make efforts to restore the environment
Principle 7	Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner
Principle 8	Businesses should support inclusive growth and equitable development.
Principle 9	Businesses should engage with and provide value to their customers and consumers in a responsible manner

Sl. No.	Questions		P1	P2	P3	P4	P5	P6	P7	P8	P9
1.	Do you have a policy / policies for...		Y	N	Y	N	Y	Y	Y	Y	Y
2.	Has the policy been formulated in consultation with the relevant stakeholders?		Y	-	Y	-	Y	Y	Y	Y	Y
3.	Does the policy conform to national / international standards? If Yes, specify? (50 words)	❋	Y	-	Y	-	Y	Y	Y	Y	Y
4.	Has the policy being approved by the Board? If yes, has it been signed by MD / Owner / CEO / appropriate Board Director?	❂	Y	-	Y	-	Y	Y	Y	Y	Y
5.	Does the Company have a specified committee of the Board/Director / Official to oversee the implementation of the policy?	✥	Y	-	Y	-	Y	Y	Y	Y	Y
6.	Indicate the link for the policy to be viewed online?	❄	Y	-	N	-	N	N	N	N	N
7.	Has the policy been formally communicated to all relevant internal and external stakeholders?	✤	Y	-	Y	-	Y	Y	Y	Y	Y
8.	Does the Company have in-house structure to implement the policy/ policies?		Y	-	Y	-	Y	Y	Y	Y	Y
9.	Does the Company have a grievance redressal mechanism related to the policy/policies to address stakeholders' grievances related to the policy/policies?	✯	Y	-	Y	-	Y	-	-	Y	Y
10.	Has the Company carried out independent audit / evaluation of the working of this policy by an internal or external agency?	❁	Y	-	Y	-	Y	-	Y	Y	Y

❋ All the policies are formulated with detailed consultation and benchmarking across industry. The Polices also confirm compliance majorly with all applicable laws.

❂ As per company practice, all the policies are approved by the concerned authority depending upon the nature of policy. The concerned authority could be either MD/CEO/Functional Head etc.

✥ All the policies have a Policy Owner and the respective policy owners are responsible for implementation of the Policy.

❄ Except Code of Conduct / Ombudsperson Policy, all other policy documents are internal policies of the Company and thus, are not available on website of the Company. The Code of Conduct document can be accessed on the below link:

http://www.bharti-infratel.com/cps-portal/web/iSupplierTermsAndConditions.html

http://www.bharti-infratel.com/cps-portal/web/corporate_gov.html

✤ Except the Ombudsperson Policy which is available on the website of the Company, all other policies being in house are uploaded on the intranet and are accessible to all employees of the Company.

✯ Any Grievance relating to any of the policy can be escalated to the Policy owner/ CEO/ Ombudsperson.

❁ Implementation of the policies is evaluated as part of internal governance by policy owners.

2a. If answer to Sr No 1 against any principle, is 'No', please explain why: (Tick up to 2 options)

Sl. No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1.	The Company has not understood the Principles	-	-	-	-	-	-	-	-	-
2.	The Company is not at a stage where it finds itself in a position to formulate and implement the policies on specified Principles	-	-	-	-	-	-	-	-	-
3.	The Company does not have financial or manpower resources available for the task	-	-	-	-	-	-	-	-	-
4.	It is planned to be done within next six months	-	-	-	-	-	-	-	-	-
5.	It is planned to be done within next one year	-	-	-	✓	-	-	-	-	-
6.	Any other reason (please specify)	-	$	-	-	-	-	-	-	-

$ The few aspects of this principle are covered under different policies existing for different business activities.

3. Governance related to BR:

- Indicate the frequency with which the Board of Directors, Committee of the Board or CEO assess the BR performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 year.

  The Managing Director & CEO assesses the BR performance of the Company on annual basis.

- Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?

  The Company will publish separately in near future its annual Sustainability report and the same shall be uploaded on the Company's website.

SECTION E: PRINCIPLE-WISE PERFORMANCE

[Principle 1]

Ethics, Transparency and Accountability

Businesses should conduct and govern themselves with Ethics, Transparency and Accountability.

1. Does the policy relating to ethics, bribery and corruption cover only the Company? Yes / No. Does it extend to the Group / Joint Ventures / Suppliers / Contractors / NGOs / Others?

   Bharti Infratel Ltd.'s commitment towards compliance to the highest governance standard is backed by an independent and fully informed board, comprehensive processes, policies and communication. We adhere to the highest levels of ethical business practices as articulated by our Code of Conduct to achieve our performance with integrity. Policy relating to ethics, bribery and corruption is duly covered under Bharti Code of Conduct. The Code of Conduct policy extends to the entire Bharti Group and covers employees, suppliers & contractors, service providers and their employees. In addition to this, the Company's Consequence Management Policy prescribes the action to be initiated in all confirmed cases of violation.

2. How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management?

   In FY 2013-14, 18 cases of allegations of bribery/ corruption were received. Investigations were completed in 13 cases and actions were initiated according to the Consequence Management Policy. The remaining cases are under various stages of investigation and completion.

[Principle 2]

Product Lifecycle Sustainability

Businesses should provide safe goods and services that are safe and contribute to sustainability throughout their life cycle.

1. List up to three of your products or services whose designs have incorporated social or environmental concerns, risks and/ or opportunities.

   i. Installed Solar Powered sites as an alternate energy resource.

   ii. Introduced Free cooling units to replace the existing air conditioner at tower sites and reduce the energy consumption.

   iii. Introduced additional initiatives towards reducing energy consumption viz. battery bank hybrids.

2. For each such product, provide the following details in respect of resource use (energy, water, raw material

and so on) per unit of product (optional):

i. Reduction during sourcing / production / distribution achieved since the previous year throughout the value chain.

The Company has reduced energy and transportation costs as a result of the aforesaid initiatives.

ii. Reduction during usage by consumers (energy, water) achieved since the previous year

The Company has reduced significant CO2 emissions by implementation of the aforesaid initiatives.

3. Does the Company have procedures in place for sustainable sourcing (including transportation)? If yes, what percentage of your inputs was sourced sustainably?

Yes. The Company has implemented various sustainable supply chain practices and initiatives and at the same time ensures timely and cost effective deliveries for necessary resources.

4. Has the Company taken any steps to procure goods and services from local and small producers, including communities surrounding their place of work? If yes, what steps have been taken to improve the capacity and capability of local and small vendors?

Yes, the Company sources most of its products locally and regional suppliers are engaged to provide services. Their capacities have improved over a period of time by the Company giving them more business in phases.

5. Does the Company have a mechanism to recycle products and waste? If yes, what is the percentage of recycling them (separately as <5%, 5-10%, >10%)?

Yes, we sell our products to recyclers to further usage; we also get our own products refurbished for reuse from our principle supplier/s.

[Principle 3]

Employee Well-being

Businesses should promote the well-being of all employees

1. Total number of employees

As on March 31, 2014, the strength of Bharti Infratel Ltd.'s on roll workforce stands at a total of 1,228.

2. Total number of employees hired on temporary / contractual / casual basis

As on March 31, 2014, the strength of Bharti Infratel Ltd.'s workforce on temporary basis stands at a total of 4175.

3. Total number of permanent women employees.

As on March 31, 2014, the strength of Bharti Infratel Ltd.'s permanent women employees stands at a total of 51.

4. Total number of permanent employees with disabilities.

As on March 31, 2014, the number of permanent employees with disabilities associated with Bharti Infratel Ltd. is less than 1%.

5. Do you have an employee association that is recognised by the Management?

No

6. What percentage of your permanent employees is member of this recognised employee association?

Nil

7. Please indicate the number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending as on the end of the financial year.

None

8. What percentage of your under-mentioned employees were given safety and skill up-gradation training in the last year?

Category	No. in %age
Permanent employees	61.7
Permanent women employees	52.9
Casual / Temporary / Contractual employees	23.5
Employees with disabilities*	

*Tracking initiated

The table above indicates the number of employees being trained.

[Principle 4]

Stakeholder Engagement

Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalised

1. Has the Company mapped its internal and external stakeholders? Yes / No

Yes, the Company has mapped its stakeholders as a part of its stakeholder engagement process. Key categories are as follows:

- Customers
- Suppliers/vendors
- Employees
- Community at large
- Investors
- Governmental bodies
- Industry forum

2. Out of the above, has the Company identified the disadvantaged, vulnerable and marginalised stakeholders?

Yes, the Company has identified the disadvantaged, vulnerable and marginalised stakeholders through its association with Bharti Foundation. A substantial portion of the beneficiaries of Bharti Foundation and its programmes are centred around the economically weak and disadvantaged groups, specially SC/ST/OBC categories and girl students. Besides, over the years, the Company has been focusing on increasing rural penetration of its services.

3. Are there any special initiatives undertaken by the Company to engage with the disadvantaged, vulnerable and marginalised stakeholders?

Bharti Infratel Ltd., with an intent to help and improve the quality of life of people on a sustainable basis, embarked few years back on a social transformation journey in the Mokokchung district of Nagaland, North East in partnership with local NGO 'NMP+'. The district of Mokokchung has the highest population of HIV / AIDS affected people in Nagaland (3.5% vis-à-vis national average of 1.5%). This is also one of India's most difficult and remote places. Till date, we have successfully conducted 54 sensitisation camps on HIV/ AIDS and have touched lives of 10,000+ local people through direct coverage. These camps have established adequate linkages between local people and the available health services in the region.

Bharti Infratel Ltd. has also been supporting Bharti Foundation through financial support as well as employee volunteering at Satya Bharti Schools wherein community outreach forms an integral constituent of its Programme/s. Few of the initiatives taken by Bharti Infratel Ltd are as under:

- Financial contributions towards 'Save the Girl Child' campaign.
- ACT (A Caring Touch) donations for supporting the rural education initiatives at Satya Bharti Schools – a matching contribution plan wherein the Company matches the contribution made by the employees.
- Active employee participation – last year, the entire batch of the Graduate Engineer trainees visited 10 Satya Bharti schools in Jodhpur for 8 days. They taught subjects like Maths, English, Science and Computers and organised activities like drawing competitions and sports events for students
- Employees from different locations visit Satya Bharti Schools periodically and share their time, skills and knowledge with underprivileged children.
- Donation of computers, books and other stationery items and school electrification (by installing solar panels) with the help of its partner.

Bharti Infratel Ltd. is also encouraging energy companies to adopt the RESCO (Renewable Energy Services Company) model to provide power for our towers through a distributed generation approach using clean and renewable energy sources like solar, wind, biomass, among others. The business model enables RESCOs to generate enough power, which can be shared with the local communities. This creates a sustainable business model for the RESCOs and at the same time provides the rural households with clean and green electricity. In this regard, we have partnered with OMC Power to set up micro power plants next to our towers. This innovative green model provides clean energy through solar panels, reducing dependence on diesel powered gensets in off-grid/poor grid locations and also supplies green power to rural households.

[Principle 5]

Human Rights

Businesses should respect and promote human rights

1. Does the policy of the Company on human rights cover only the Company or extend to the Group / Joint Ventures / Suppliers / Contractors / NGOs / Others?

Bharti Infratel Ltd. does not have a specific policy only on Human Rights. However, aspects of the same have been covered in Bharti's Code of Conduct, which extends to all employees and contractors, group companies, joint ventures and suppliers.

2. How many stakeholder complaints were received in the past financial year and what percent was satisfactorily resolved by the Management?

No stakeholder complaint was received.

[Principle 6]

Environmental Management

Businesses should respect, protect, and make efforts to restore the environment.

1. Do the policies related to Principle 6 cover only the Company or extends to the Group / Joint Ventures / Suppliers / Contractors / NGOs / Others?

   The safety policy as of now is covering only the Company and its employees, contractors etc.

2. Does the Company have strategies / initiatives to address global environmental issues, such as climate change, global warming, and others?

   Yes. The Company has proactively taken steps to create positive impact on the environment. Our 'Green Towers P7' programme is a step in this direction. Refer 'Be a Green Company' under CSR section of the report on page 16 for complete details.

3. Does the Company identify and assess potential environmental risks? Y / N

   Yes

4 Project(s) related to Clean Development Mechanism.

   Currently, the Company is not undertaking any project related to CDM.

5. Has the Company undertaken any other initiatives on clean technology, energy efficiency, renewable energy and so on? If yes, please give hyperlink to web page and others.

   Yes, the Company has taken multiple initiatives towards energy efficiency and use of renewable energy at its site. Refer 'Be a Green Company' under CSR section of the report on page 16 for complete details.

6. Are the emissions/waste generated by the Company within the permissible limits given by CPCB/SPCB for the financial year under review?

   The emissions / waste generated by the Company are, in many cases, were well within the permissible limits given by the State or Central pollution control boards.

7. Number of show cause / legal notices received from CPCB / SPCB, which are pending (i.e. not resolved to satisfaction) as at the end of the financial year.

   There have been 4 (four) show cause / legal notices received from CPCB/SPCB by the Company in FY 2013-14, which are under various stages of closure.

[Principle 7]

Public Advocacy

Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner.

1. Is your Company a member of any trade and chambers or association? If yes, name only those major ones that your business deals with.

   The Company is inter alia a member of the following business associations:

   - Confederation of Indian Industry (CII)
   - Tower and Infrastructure Providers Association (TAIPA)

2. Have you advocated / lobbied through the above associations for the advancement or improvement of public good? Yes / No; if yes, specify the broad areas (drop box: governance and administration, economic reforms, inclusive development polices, energy security, water, food security, sustainable business principles and others)

   Wherever any consultation paper is released by TRAI and/or policy/guideline related to towers is issued by local authorities, the Company provides its inputs to the association for an appropriate representation to the regulator / respective local authority of the concerned State. Bharti Infratel Ltd. focuses on public policies that maximise the ability of individuals and companies to innovate, increase job creation, benefit the daily lives of people and strengthen the country's economy. We work to ensure that our public policy positions complement or advance our sustainability and citizenship objectives. Our focus is centred on the provision of robust telecom passive infrastructure at affordable price to our customers.

[Principle 8]

Inclusive Growth

Businesses should support inclusive growth and equitable development.

1. Does the Company have specified programmes / initiatives / projects in pursuit of the policy related to Principle 8? If yes, provide details thereof.

   Our initiative towards social inclusion ensures that people at large are included and empowered through sustainable economic growth by:

   - Building telecommunication infrastructure in remotest of the places including Naxalite areas and thereby connecting the unconnected.

- Generating employment on equal opportunity basis and business opportunities directly as well as indirectly, especially in rural areas wherein employment opportunities are otherwise minimal.

In addition, the Company also supports philanthropic activities of Bharti Foundation, which impart quality free education to underprivileged children in rural areas specially girl child, SC/ ST, OBC categories. In addition, Bharti Foundation also provides opportunities to its various stakeholders/beneficiaries to grow and learn in life through the following:

- Recruiting local youth as Teachers, who also belong to marginalised sections
- Employing children's mothers as Mid Day Meal vendors

2. Are the programmes / projects undertaken through in-house team / own foundation / external NGO / government structures / any other organisation?

Bharti Infratel Ltd. has initiated programmes/projects through various channels which inter alia consist of in-house team/owned foundation/external NGO/ government structures. Bharti Foundation is the philanthropic arm of the Bharti Group of Companies. Bharti Infratel Ltd's philanthropic initiatives are largely implemented through Bharti Foundation.

3. Impact assessment of your initiative?

Yes. Impact assessment is done by Bharti Foundation, the philanthropy arm of Bharti Group.

4. What is the Company's Direct contribution by the Company to community development projects?

During the year 2013-2014, Bharti Infratel Ltd. has contributed ₹ 57 Mn (approx.) towards various philanthropic activities.

5. Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in around 50 words.

Community involvement, participation and their sustained support towards HIV/AIDS education at Mokukchung and the Satya Bharti Schools have been a key component of the programme over the last few years.

The sensitisation campaigns conducted at Mokukchung has helped promote social acceptance of people living with HIV/AIDS and has trained them on critical health care issues and aspects of self management. Various Government departments including Health, Public Relations, and Civil Administration have also come forward to join us in these campaigns.

Bharti Foundation ensures adoption of its various initiatives through:

- School's connect with the community
  - Regular home visits by teachers
  - Structured parent-teacher meetings
  - Community development campaigns
- Community connecting schools with local culture
  - Community Volunteering Week
  - Teaching children local history, traditions, art and craft
  - Community participation in school events

[Principle 9]

Value for Customers

Businesses should engage with and provide value to their customers and consumers in a responsible manner.

1. What percentage of customer complaints / consumer cases is pending, as at the end of the financial year?

At Bharti Infratel Ltd. there are no consumer complaint/ consumer cases pending. In the last financial year, couple of case/s have been initiated by the Company against only one of the erstwhile service provider.

2. Does the Company display product information on the product label, over and above what is mandated as per locallaws? Yes / No / N.A. / Remarks (additional information).

N.A.

3. Cases filed by any stakeholder against the Company regarding unfair trade practices, irresponsible advertising and / or anti-competitive behaviour during the last five years and pending as at the end of the financial year

Nil

4. Did your Company carry out any consumer survey/ consumer satisfaction trends?

Bharti Infratel Ltd. values its customer's voice and had actively engaged an external independent agency to carry out the Customer Satisfaction Survey across all customers in FY 2013. Further, we will be conducting another customer satisfaction survey across all circles in the near future too.

Directors' Report

With Bharti Infratel's towers and Bharti Infratel's 42% interest in Indus, we have an economic interest in the equivalent of 83,368 towers and 167,202 co-locations in India as of March 31, 2014.

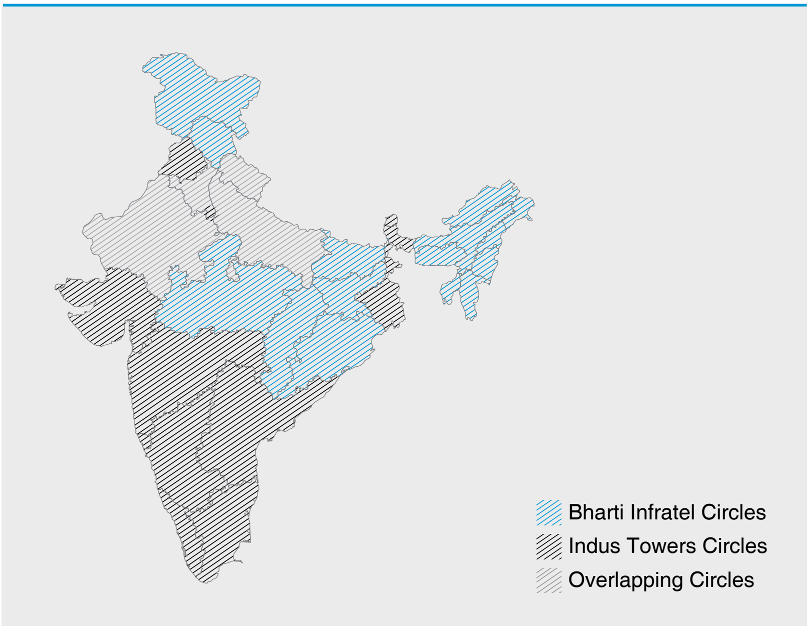
Dear Shareholders,

Your Directors are pleased to present the Eighth Annual Report on the business and operations of the Company together with audited financial statements and accounts for the financial year ending March 31, 2014.

COMPANY OVERVIEW

The business of Bharti Infratel Limited and Indus Towers Limited (Indus), (a joint venture between Bharti, Vodafone India and Aditya Birla Telecom where Bharti Infratel holds 42% equity) is to acquire, build, own and operate towers and related infrastructure. We have a nationwide presence with operations in all 22 telecommunication circles in India, with Bharti Infratel and Indus having operations in 4 overlapping circles. Accordingly, Bharti Infratel consolidates 42% of the financial results of Indus on proportionate basis.

Our Pan India Footprint



Bharti Infratel and Indus provide access to their towers primarily to wireless telecommunication service providers on a shared basis under long-term contracts. Bharti Infratel's and Indus' three largest customers are Bharti Airtel (together with Bharti Hexacom), Vodafone India and Idea Cellular, which are the three leading wireless telecommunication service providers in India by wireless revenue.

On a consolidated basis, we are one of the largest pan India tower infrastructure providers, based on the number of towers owned and operated by Bharti Infratel and Indus, that are represented by Bharti Infratel's 42% equity interest in Indus.

Tower portfolio

As of March 31, 2014, Bharti Infratel owned and operated 35,905 towers with 69,137 co-locations in 11 circles while Indus owned and operated 1,13,008 towers with 2,33,488 co-locations in 15 circles with Bharti Infratel and Indus having operations in 4 overlapping circles. With Bharti Infratel's towers and Bharti Infratel's 42% interest in Indus, we have an economic interest in the equivalent of 83,368 towers and 167,202 co-locations in India as of March 31, 2014.

Your Company achieved success during the year in gaining its share of the market from all leading telecom operators in its circles of operations.

The Company continued its operational excellence journey throughout the year and defined new benchmarks of network uptime delivery during the year. Your Company came through with flying colors during the stress test when floods hit Uttarakhand and the super cyclone Phailin hit the coastal belt of Odisha. This was the time when our people's efforts and robust processes helped us to restore operations in quick time ensuring vital telecom connectivity at all times. This established the robustness of our crisis management and business continuity plans. The Company's commitment towards service excellence even in times of crisis has been well appreciated by all customers.

On May 31, 2011, the Subsidiary Company "Bharti Infratel Ventures Limited" filed a 'Scheme of Arrangement' before Hon'ble High Court of Delhi for its merger with Indus, with appointed date as April 1, 2009. The Hon'ble High Court of Delhi vide its order dated April 18, 2013 had sanctioned the said Scheme of Arrangement. Pursuant to filing the Order of Hon'ble High Court with Registrar of Companies (ROC) on June 11, 2013, Bharti Infratel Ventures Limited, has been merged with Indus Towers Limited as of that date.

FINANCIAL RESULTS

Financial highlights of operations of the Company as on March 31, 2014 are as follows:

A. Consolidated financial results as per Indian Generally Accepted Accounting Principles

(₹ Mn)

Particulars	Year ended March 31, 2014	Year ended March 31, 2013
Revenue [1]	108,267	102,720
EBITDA[1]	44,118	38,102
Profit before Tax	23,232	15,307
Profit after Tax	15,179	10,025

[1]Revenue & EBITDA are excluding other income.

B. Standalone financial results as per Indian Generally Accepted Accounting Principles

(₹ Mn)

Particulars	Year ended March 31, 2014	Year ended March 31, 2013
Revenue [1]	49,993	44,601
EBITDA[1]	20,886	17,520
Profit before Tax	14,966	13,216
Profit after Tax	10,899	10,098

[1]Revenue & EBITDA are excluding other income.

SHARE CAPITAL

During the year, the Company has allotted 558,059 equity shares under the ESOP Scheme 2008. Thus, the paid up share capital of the Company has increased from ₹ 18,887,430,540 to ₹ 18,893,011,130 represented by 1,889,301,113 equity shares of ₹ 10 each as on March 31, 2014.

DIVIDEND

The Board has recommended a final Dividend of ₹ 4.40 per equity share of the face value of ₹ 10 each fully paid up for the financial year 2013-14, amounting to ₹ 9,726 Mn, inclusive of ₹ 1,413 Mn as tax on Dividend. The payment of dividend is subject to the approval of the shareholders at the ensuing annual general meeting of the Company.

DETAILS OF UTILISATION OF IPO PROCEEDS

Pursuant to the Initial Public Offer, the Company collected ₹ 31,657 Mn (net of selling shareholders' proceeds). For details of utilisation of IPO proceeds please refer note no. 39 in the standalone financial results for the year ended March 31, 2014.

FIXED DEPOSITS

The Company has not accepted any fixed deposits and, as such, no amount of principal or interest was outstanding as of the date of the Balance Sheet.

EMPLOYEES STOCK OPTION PLAN

At your Company, employees continue to be the key driving force of the organisation and remain a strong source of our competitive advantage. Therefore, to develop a sense of ownership among the employees within the organisation, the Company instituted an employee stock option scheme namely Employee Stock Option Plan 2008 ("ESOP Scheme"). The objective of ESOP Scheme is employee engagement and long term retention by providing employees of the Company an opportunity to participate in the Company's anticipated valuation enhancement by contributing to superior performance and shareholder returns.

During the year under review, 558,059 Equity Shares were allotted to the employees upon exercise of stock options.

Disclosure in compliance with Clause 12 of the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, as amended, are provided in Annexure A to this report.

A certificate from M/s. S. R. Batliboi & Co. LLP, Chartered Accountants, Statutory Auditors, with respect to the ESOP Scheme 2008 would be placed before the shareholders at the ensuing annual general meeting and a copy of the same will also be available for inspection at the registered office of the Company.

DIRECTORS

Pursuant to the provisions of the Companies Act, 2013, Mr. Sanjay Nayar, Director of the Company, is liable to retire by rotation at the forthcoming Annual General Meeting and being eligible, offers himself for re-appointment.

Since the date of last Annual General Meeting Mr. Mark Chin Kok Chong and Mr. D S Rawat were appointed as Additional Director(s) w.e.f. July 29, 2013 and April 1, 2014 respectively to hold office upto the date of forthcoming annual general meeting.

Mr. Akhil Gupta has been appointed as Executive Chairman of the Company while relieving him from the position of Managing Director and Mr. D S Rawat has been appointed as Managing Director w.e.f. April 01, 2014. The approval of members was obtained for this through postal ballot notice dated January 23, 2014.

The Company has received requisite notice(s) in writing from members proposing the appointment of Mr. Mark Chin Kok Chong and Mr. D S Rawat as Directors. Your Board recommends their appointment at the ensuing annual general meeting.

A brief resume, nature of expertise, details of directorships held in other public limited companies and other information of the directors proposing appointment/ re-appointment pursuant to Clause 49 of the Listing Agreement is appended as an annexure to the notice of ensuing annual general meeting.

Mr. Murray Philip King and Mr. Sarvjit Singh Dhillon resigned from the Board w.e.f. July 29, 2013 and March 31, 2014 respectively. The Board placed on record its sincere appreciation for the guidance rendered by Mr. Philip King and Mr. Dhillon.

Further, in terms of Section 149 and other applicable provisions of the Companies Act, 2013, Ms. Leena Srivastava, Mr. Jitender Balakrishnan, Mr. Bharat Sumant Raut and Mr. N Kumar have been recommended for re-appointment as Independent Directors for five consecutive years for a term upto March 31, 2019 and Mr. Vinod Dhall for a term upto September 2, 2015. Details of the proposal for appointment of Ms. Srivastava, Mr. Balakrishnan, Mr. Raut, Mr. Kumar and Mr. Dhall are mentioned in the Explanatory Statement under Section 102 of the Companies Act, 2013 of the Notice of the Annual General Meeting.

CORPORATE GOVERNANCE

Your Company is committed to benchmarking itself with global standards for providing good Corporate Governance. The Board constantly endeavor to take the business forward in such a way that it maximises long term value for the stakeholders. The Company has put in place an effective Corporate Governance system which ensures that the provisions of Clause 49 of the Listing Agreement are duly complied with.

A detailed report on the corporate governance pursuant to the requirements of Clause 49 of the Listing Agreement forms part of the annual report. A certificate from the Auditors of the Company, M/s. S. R. Batliboi & Co. LLP, Chartered Accountants, confirming compliance of conditions of corporate governance as stipulated in Clause 49 is annexed to the report as Annexure B.

BOARD COMMITTEES AND ITS COMPOSITION

In accordance with the Listing Agreement regulations, the details of the Board committees are presented as part of the Corporate Governance Report.

SUBSIDIARY COMPANY

The Company has during the year incorporated a wholly owned subsidiary company on June 4, 2013 in the name and style of “Bharti Infratel Services Limited”. The statement of the Company’s interest in Bharti Infratel Services Limited under Section 212(1)(e) of the Companies Act, 1956 is annexed herewith on page 41 and forms part of the Directors’ Report.

Pursuant to General Circular No. 2/2011 dated February 8, 2011 issued by the Ministry of Corporate Affairs, Government of India, the Board of Directors have consented for not attaching the balance sheet, statement of profit & loss and other documents as set out in Section 212(1) of the Companies Act, 1956 in respect of its subsidiary Company for the year ended March 31, 2014.The statement pursuant to the above referred circular is annexed as part of the Notes to the consolidated accounts of the Company on page 110 of the annual report.

Annual accounts of the subsidiary, along with related information are available for inspection at the Company’s registered office. Copies of the annual accounts of the subsidiary company will also be made available to the Company’s investors upon request.

Your Company is committed to benchmarking itself with global standards for providing good Corporate Governance. The Board constantly endeavor to take the business forward in such a way that it maximises long term value for the stakeholders.

STATUTORY AUDITORS

The Company’s Statutory Auditors, M/s. S. R. Batliboi & Co. LLP, Chartered Accountants, hold office till the conclusion of forthcoming Annual General Meeting and complete 7 years as Statutory Auditors along with its associate auditing firms.

In terms of provisions of Section 139 of the Companies Act, 2013 Statutory Auditors (including its associate audit firm) can be appointed for a maximum term of 10 years (including existing term).

It is proposed to appoint M/s. S. R. Batliboi & Associates LLP, Chartered Accountants as Statutory Auditors (in place of M/s. S. R. Batliboi & Co. LLP Statutory Auditors, who have expressed their unwillingness to continue) for a term of 3 consecutive years from the conclusion of the ensuing annual general meeting to the conclusion of eleventh annual general meeting subject to ratification by the shareholders at every annual general meeting.

The Company has received a letter from the M/s. S. R. Batliboi & Associates LLP, Chartered Accountants to the effect that their appointment, if made, would be within the prescribed limits under Section 141 of the Companies Act, 2013.

AUDITORS’ REPORT

The Board has duly examined the statutory auditor’s report on accounts and clarifications, wherever necessary, have been included in the Notes to Accounts section of the Annual Report.

COST AUDITORS

The Company has appointed M/s. R.J. Goel & Co., Cost Accountants, as Cost Auditors u/s 209, 233B and other applicable provisions, if any, of the Companies Act, 1956. The Cost Audit Report for the year ended March 31, 2013 was filed on September 28, 2013. M/s R. J. Goel & Co. have been re-appointed as cost auditors for the financial year 2014-15.

The primary objective of achieving a high employee engagement is to create a passion in all that we do and enable the workforce towards exceeding performance expectations, leading to long-term success.

SECRETARIAL AUDIT REPORT

Keeping with the high standards of corporate governance adopted by the Company and also to ensure compliance with the provisions of various corporate laws, the regulations and guidelines issued by the Securities and Exchange Board of India and the Listing Agreement, the Company continues to have Secretarial Audit from a practicing company secretary firm.

M/s. Chandrasekaran Associates have been conducting the Secretarial Audit of the Company on continuous basis. They have submitted their report confirming the compliances with all the applicable provisions of various corporate laws. The Secretarial Audit Report is provided on page 66 of this report.

CORPORATE SOCIAL RESPONSIBILITY AND BUSINESS RESPONSIBILITY REPORT

At Bharti Infratel, CSR is a way of life and is well integrated with our business strategy. Detailed information on the initiatives of the Company towards CSR activities is provided in the Corporate Social Responsibility section on page 14 of the annual report.

SEBI, vide its circular CIR/CFD/DIL/8/2012 dated August 13, 2012, mandated the top 100 listed entities, based on market capitalisation at BSE and NSE, to include Business Responsibility Report as a part of the Annual Report describing the initiatives taken by the companies from Environment, Social and Governance perspective.

Accordingly, a detailed report on Corporate Social Responsibility and Business Responsibility Report forms a part of the Annual Report.

Pursuant to the provisions of Section 135 of the Companies Act, 2013, the Board in its meeting held on April 24, 2014 constituted a Corporate Social Responsibility (CSR) Committee to undertake the corporate social responsibility activities of the Company.

MANAGEMENT DISCUSSION AND ANALYSIS

In accordance with the Listing Agreement requirements, the Management Discussion & Analysis report is presented in a separate section forming part of the Annual Report.

HUMAN RESOURCES

At Bharti Infratel, we strongly believe that employee engagement is a key pillar towards building organisational effectiveness. The primary objective of achieving a high employee engagement is to create a passion in all that we do and enable the workforce towards exceeding performance expectations, leading to long-term success. To facilitate leadership development and groom individuals for leadership roles, the Company has a robust Leadership Competency Framework which defines the essential competencies and behavioural manifestations that are required for future development planning. We strongly believe that our people are our assets and the key to shape our future.

Our people embody our core values and define who we are. We have 1,228 on roll employees on a standalone basis.

The Company believes in the values of energy, pioneering, service orientation, continuous improvement and respect & fairness for all stakeholders aligned to the vision.

ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

The Statement as required under Section 217(1)(e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the report of the Board of Directors) Rules, 1988 as amended is given in Annexure C to this report.

PARTICULARS OF EMPLOYEES

The information as is required to be provided in terms of Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 have been set out in Annexure D to this report.

QUALITY CONTROL

Your Company has established well structured quality processes and systems at every stage of its work, from designs, materials, workmanship at site, operations and maintenance through the entire lifecycle of the towers and related services. The Company has adopted the following stage-wise quality assurance practices:

- pre-dispatch inspection of all major material such as tower components, DG sets, IPMS, PPC and battery banks;
- on-site inspection during works in progress such as civil, electrical and tower installation works;
- quality audits post completion of works to ensure process completion; and

- preventive maintenance audits during operation and maintenance of sites to ensure timely maintenance of equipment and basic site hygiene.

Your Company has a Standard Quality Process and Guidelines for civil, tower and electrical works and a Quality Assurance Plan ("QAP") for pre-dispatch inspection for effective material verification at vendor premises. Regular project reviews, governance meetings and third party audits are conducted on a regular basis in order to encourage maintenance of quality and ensure that towers are strictly in accordance with Company's approved specifications.

These quality assurance practices enable us to maintain high performance standards across the network, resulting in key long-term advantages:

- good asset life as per specifications and designs;
- high network uptime for customers, with fewer network outages; and
- high levels of customer satisfaction due to hassle-free active infrastructure installation.

AWARDS AND RECOGNITION

Bharti Infratel's "Renewable Energy Solutions for Telecom Tower Sites" was awarded the "Most Innovative Energy Saving Product" by the Confederation of Indian Industry (CII) at the 14th National Award for Excellence in Energy Management 2013, adding another prestigious accolade to the Company's highly acclaimed landmark green energy initiatives.

Bharti Infratel and OMC Power's joint initiative in developing the RESCO (Renewable Energy Service Company) model has been awarded the Consumer Service Innovation Award at the Global Telecom Business (GTB) Innovation Awards 2013. Bharti Infratel and OMC Power won the award for their joint work in pioneering Micro power for telecom tower infrastructure and rural communities.

Bharti Infratel was conferred with 'Amity Telecom Excellence Award' for being the 'Top Telecom Towers Company of the Year 2013' by Amity Institute of Telecom Engineering and Management during the10th Annual National Telecom Seminar 'Telefocus'.

Dun & Bradstreet conferred upon Bharti Infratel, the Top Infrastructure Company Award under the Telecom Infrastructure Development category at the Dun & Bradstreet Infra Awards 2013. The Dun & Bradstreet Infra Awards recognise and felicitate India's Leading Infrastructure Companies that have delivered exemplary performance in their respective sectors.

Our Chief Information Officer was awarded the 8th Annual CIO100 Award for the successful implementation of Project Drishti, a business analytics and reporting tool implemented across the organisation to support strategic, tactical and operational business decisions.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 217(2AA) of the Companies Act, 1956, the Directors to the best of their knowledge and belief confirm that:

I. in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;

II. we have selected such accounting policies and applied them consistently and made judgements 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 ended March 31, 2014 and of the profit of the Company for that period;

III. we have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

IV. we have prepared the annual accounts on a going concern basis.

ACKNOWLEDGEMENTS

The Directors wish to place on record their appreciation for the assistance and co-operation extended by strategic investors, bankers, vendors, business partners, various agencies and departments of Government of India and State Governments where Company's operations are existing, supporting the Company's various projects.

The Directors' would also like to place on record their sincere appreciation for the valuable contribution, unstinted efforts and the spirit of dedication shown by the employees of the Company at all levels in ensuring an excellent all round operational performance.

For and on behalf of the Board

Place: New Delhi
Date: April 24, 2014

Akhil Gupta
Chairman

ANNEXURE A

DISCLOSURE AS REQUIRED UNDER SEBI (EMPLOYEE STOCK OPTION SCHEME AND EMPLOYEE STOCK PURCHASE SCHEME) GUIDELINES, 1999 AS ON MARCH 31, 2014

S.No.	Particulars	ESOP Scheme 2008
(i)	Total options granted under the Scheme	9,946,524
(ii)	Options Granted during the year	NIL
(iii)	Pricing Formula	9,255,690 Options under Plan I and 657,264 Options under Plan II were granted at a discount of 50% of the fair market value of the Equity Shares. The exercise price of the 33,570 Options granted under Plan III is ₹ 10 per option.
(iv)	Options vested as of March 31, 2014	7,701,614
(v)	Options exercised	661,452
(vi)	The Total number of shares arising as a result of exercise of options	661,452
(vii)	Options lapsed/cancelled	980,135
(viii)	Variation of terms of options during the year	Nil
(ix)	Money realised by exercise of options	₹ 72,160,603
(x)	Total Number of Options in force	8,304,937
(xi)	Employee-wise details of options granted to:	
	(a) Options granted to Senior managerial personnel during the year	Nil
	(b) Options granted to employees exceeding 5% of the total grants during the year	Nil
	(c) Options granted to employees exceeding 1% of the issued capital during the year	Nil
(xii)	Diluted Earnings Per Share (EPS) pursuant to issue of shares on exercise of options calculated in accordance with Accounting Standard AS 20	₹ 5.8
(xiii)	Difference between the employees compensation cost based on intrinsic value of the Stock and the fair value for the year and its impact on profits and on EPS of the Company	N.A.
(xiv)	a) Weighted-average exercise price	₹ 110
	b) Weighted-average fair prices	₹ 220
(xv)	Method and significant assumptions used to estimate the fair values of options.	N.A.
	(a) Risk free interest rate	N.A.
	(b) Expected Life	N.A.
	(c) Expected Volatility	N.A.
	(d) Expected Dividends	N.A.
	(e) Market Price of the underlying share on grant date	N.A.

ANNEXURE B

AUDITORS' CERTIFICATE REGARDING COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE

To

The Members of Bharti Infratel Limited

We have examined the compliance of conditions of corporate governance by Bharti Infratel Limited ("the Company"), for the year ended March 31, 2014, as stipulated in Clause 49 of the Listing Agreement of the said Company with stock exchange(s) in India.

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 Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

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

For S. R. BATLIBOI & Co. LLP

Chartered Accountants
ICAI Firm Registration Number: 301003E

per **Yogender Seth**
Partner
Membership No.: 94524
Place: Gurgaon
Date: April 24, 2014

ANNEXURE C

INFORMATION RELATING TO CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, RESEARCH AND DEVELOPMENT AND FOREIGN EXCHANGE EARNINGS AND OUTGO FORMING PART OF DIRECTORS' REPORT IN TERMS OF SECTION 217(1)(E) OF THE COMPANIES ACT, 1956 READ WITH THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF THE BOARD OF DIRECTORS) RULES 1988.

Conservation of Energy

As part of the normal course of the business of the Company, the Company operates and maintains telecom tower infrastructure which requires energy consumption. Every endeavor has been made to ensure the optimal use of energy, avoid wastage and conserve energy as far as possible.

The Company continuously evaluates global innovation and technology as a benchmark and as required, enters into arrangements to avail of the latest technology trends and practices.

Technology Absorption

'Go Green' is inherent to our Business Model of tower sharing as every co-location we add to the network helps in bringing down the energy consumption on a per co-location basis.

We have institutionalised a Green Towers P7 program which is aimed at minimising dependency on diesel consumption and thereby reducing carbon footprint and has already implemented solar power network over 1,500 towers on a standalone basis. Our technical team continues to explore and pilot new technical initiatives in the process of 'putting ideas to work' to promote the 'Go Green' agenda at Infratel. For more details, please refer "Be a Green Company" section under Corporate Social Responsibility on page 16.

Form B

1) Research and Development (R & D) - Not Applicable

2) Technology absorption, adaptation and innovation – Detailed update on the technology advancements made by the Company is covered as part of the Corporate Social Responsibility section on page 14.

Foreign Exchange Earning and Outgo

(i) Activities relating to exports; initiatives taken to increase exports; development of new export markets for products and services; and export plans;

Bharti Infratel Limited being a telecom tower Infrastructure service provider has not undertaken any activity relating to exports or development of export markets for services.

(ii) Total foreign exchange used and earned

(a) Total Foreign Exchange Earning : Nil

(b) Total Foreign Exchange Outgo : ₹ 56 Mn
(Includes payment of final Dividend of ₹ 54.1 Mn)

For and on behalf of the Board

Place: New Delhi
Date: April 24, 2014

Akhil Gupta
Chairman

ANNEXURE D

STATEMENT OF PARTICULARS UNDER SECTION 217(2A) OF THE COMPANIES ACT, 1956 READ WITH THE COMPANIES (PARTICULARS OF EMPLOYEES) RULES, 1975 FOR THE YEAR ENDED MARCH 31, 2014 AND FORMING PART OF THE DIRECTORS' REPORT

Sl. No.	Name	Designation	Nature of duties of the employee	Qualification(s)	Age (In years)	Date of Commencement of Employment	Total experience (in years)	Gross Remuneration (in ₹)	Previous Employment / Designation
(A) EMPLOYED THROUGHOUT THE FINANCIAL YEAR									
1	Akhil Gupta*	Managing Director	General Management	CA	58	01-Aug-08	29	105,754,138	Bharti Airtel Limited / Jt. Managing Director
2	Biswajit Patnaik	Chief Sales & Marketing Officer	Sales & Marketing	PGDSM	41	20-Oct-08	21	6,705,588	TVS Interconnect Systems Ltd / Genral Manager - Sales & Marketing
3	D S Rawat**	Chief Executive Officer	Business Head	B.E.	46	28-Jul-10	25	20,138,452	Huawei Telecommunications (I) Co. P Ltd / Executive Director
4	Pankaj Miglani	Chief Financial Officer	Finance	CA/ CS/ ICWA	44	08-Aug-11	19	13,486,838	Bharti Airtel Limited / Head - Global Voice
5	Prashant Veer Singh	Chief Information Officer	Technology Services	B.E./ MBA	44	01-Apr-10	21	6,919,226	Bharti Airtel Limited/ Vice President - IT & Innovation
6	Rajiv Arora	Chief - Legal, Regulatory & Corp Affrs	Legal, Regulatory & Corp Affrs	LLB /PGDHRM / DLL	43	01-Oct-07	18	6,364,463	Bharti Airtel Ltd / Genral Manager
(B) EMPLOYED FOR PART OF THE FINANCIAL YEAR									
1	Anil Kumar Sharma	Circle Business Head	Operations	B.E./ MBA	52	06-Jul-09	31	2,851,494	Reliance Communications/ Executive Vice President - CSC Business
2	Dhananjay Joshi	Chief Operating Officer	Operations	B.Tech	54	26-Feb-14	27	2,912,459	Ericssion India Ltd / VP & CU Head
3	Dipak Roy	Chief Human Resource Officer	HR	MPM	47	01-Jun-13	23	6,597,574	Bharti Airtel Ltd / Head HR- Consumar Business Operations
4	P Sairam Prasad	Chief Technical and O&M Officer	Operations & Maintenance, Technical Services	B.Tech	44	23-Sep-09	20	7,354,640	WTTIL (VIOM)/Chief Projects Head
5	Shuktij Singh	Chief O&M Officer	Operations & Maintenance	MBA	42	20-Jan-14	20	2,024,124	ZTE Corporation / COO
6	Sunil Khurana	Chief Operating Officer	Operations	B.E.	53	02-Jan-13	31	3,615,111	GE/ VP - Services, South Asia
7	Vikas Joshi	Chief Human Resource Officer	HR	Bsc / MPM / LLB	54	01-Apr-10	31	8,492,629	HUL / GM - HR - Supply Chain South Asia & Head Employee Relations

Notes:
1. Gross Remuneration comprises of Salary, Taxable Allowances & Perquisities and Company's contribution to Provident Fund.
2. The employee would qualify for being included in Category (A) or (B) on the following basis:
   For (A) if the aggregate remuneration drawn by him during the year was not less than ₹ 60,00,000 p.a.
   For (B) if the aggregate remuneration drawn by him during the part of year was not less than ₹ 5,00,000 p.m.
3. None of the employees mentioned above is a relative of any Director of the Company.
4. None of the employees mentioned above holds 2% or more share capital of the Company.
5. The employees are governed by the general terms and conditions of employment and the policies of the Company.
6. Nature of employment for all the employees is permanent except for Mr. Akhil Gupta which is contractual.

* Appointed as Chairman while relieving from the position as Managing Director w.e.f. April 1, 2014.

** Appointed as Additional Director and the Managing Director w.e.f. April 1, 2014.

STATEMENT RELATING TO SUBSIDIARY COMPANY PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956

1	Name of the Subsidiary Company	BHARTI INFRATEL SERVICES LIMITED
2	Financial Year of the Subsidiary Ended on	March 31, 2014
3	Holding Company's Interest in the subsidiary company at the end of the Financial Year of Subsidiary.	100%
4	Net Aggregate amount of Profit / (Loss) of the Subsidiary for the above financial year, so far as it concerns members of the Company (In Mn ₹)	
(a)	Dealt with in the accounts of the Holding Company	(0.3)
(b)	Not dealt within the accounts of the Holding Company	Nil
5	Net aggregate amount of Profit/(Losses) for the Previous Financial Years of the Subsidiary, so far as it concerns members of the Holding Company (In Mn ₹)	
(a)	Dealt with in the accounts of the Holding Company	NA
(b)	Not dealt within the accounts of the Holding Company	NA
6	Changes in the Interest of Holding Company in the Subsidiary Company between the end of the Financial year of the Subsidiary and the end of Financial year of the Company.	Nil
7	Material Changes between the end of the Financial year of the Subsidiary and the end of Financial year of the Company in respect of	
(a)	Subsidiary's Fixed assets	Nil
(b)	Subsidiary's Investments	Nil
(c)	Money lent by the Subsidiary	Nil
(d)	Money borrowed by the subsidiary for any purpose other than that of meeting current liabilities	Nil

For and on behalf of the board

Akhil Gupta
Chairman

D S Rawat
Managing Director & CEO

Anupam Garg
Company Secretary

Pankaj Miglani
Chief Financial Officer

Place : New Delhi
Date : April 24, 2014

Management Discussion & Analysis

A 10% increase in mobile and broadband penetration increases the per capita GDP by 0.81% and 1.38% respectively in the developing countries

World Bank

ECONOMIC OVERVIEW

As per the World Economic Outlook published by the International Monetary Fund (IMF) in January 2014, global growth is projected at 3.7% in 2014, rising to 3.9% in 2015.

Economic activity is expected to improve in FY 2014-15, largely on account of recovery in advanced economies. On the other hand, stronger domestic policy reforms will drive the growth engines in developing nations.

According to an E&Y survey, India remains one of the top global destinations for foreign investment. Infrastructure, consumer goods, industrials, technology, media and telecom (TMT), and life-science sectors are set to drive India's growth over the years to come.

The clearance of several large projects by the Cabinet Committee on Investment can help India's investment and growth story further. In addition, resurgence of exports, prospects of revival in the global economy and moderation in inflation observed recently, point to a better outlook for the Indian economy in FY 2014-15 compared to FY 2013-14. IMF in its latest report has projected a growth of 5.4% in FY 2014-15 and 6.4% in FY 2015-16 for India.

INDIAN TELECOM INDUSTRY OVERVIEW

Over the period 2005-2010, the wireless segment of the telecommunication sector has grown rapidly. The mobile subscriber base rose to around 904.5 Mn at the end of March 2014 (source – TRAI) from 99 Mn at the end of 2005- 2006. This provides a huge opportunity for telecom tower industry, especially given the low penetration of voice telephony in rural India, as well as the off take of data services in urban India.

The Indian telecommunication industry is one of the most competitive industries globally. Indian operators in the last decade focused on developing an affordable mass market telecommunications service model which allows service availability across India's urban and rural areas. Optimisation of operational expenses through the outsourcing of non-core areas, process innovation, cost-to-serve alignment and strategic partnerships has also resulted in steady growth of the Tower Industry.

2nd

India's position in the global telecom market by subscriber base after China

5th

India's rank in the world with a base of 67 Mn smart phone users in 2013

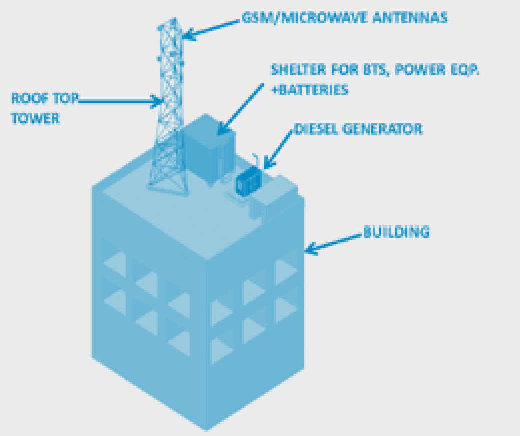
INDIAN TELECOM TOWER INFRASTRUCTURE

Infrastructure sharing optimises the utilisation of available resources and helps reduce the cost of providing telecommunication services. Infrastructure sharing among service providers has become the norm today with lower overall tariffs and restrictions placed by various local regulatory bodies on the installation of telecom towers.

Tower companies provide the entire range of tower infrastructure that is required by wireless telecommunication service providers. Tower infrastructure refers to equipment such as towers, shelters, power regulation equipment, battery banks, diesel generator sets ("DG sets"), air conditioners, fire extinguishers and a security cabin, required at a site where such towers are installed. There are generally two types of towers – Ground Based Towers ("GBTs") and Roof Top Towers ("RTTs"). Average specifications for GBT and RTT are summarised in the following table:

	GBT	RTT
Space Requirement	4,000 sq. ft.	Roof Top
Height (m)	40–60	14-20
Occupancy Capacity	3-5 co-locations	2-3 co-locations

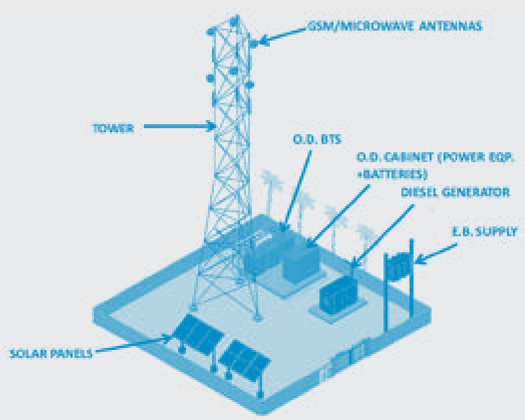
RTT Site - with Indoor BTS



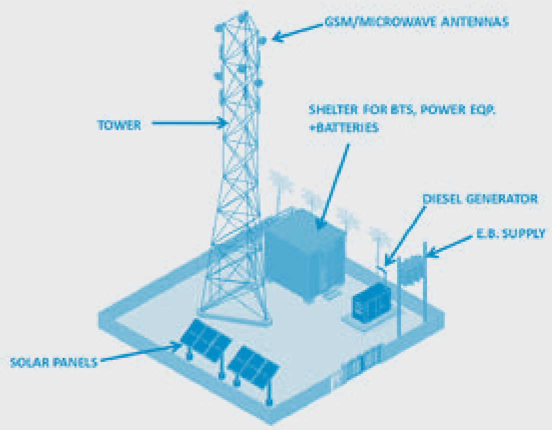
There are two kinds of infrastructure that constitute a telecom tower:

- Active Infrastructure: Radio antenna, BTS/cell site and cables that are owned by telecom operators
- Tower Infrastructure: Steel tower, shelter room, DG set, Power regulation equipment, Battery bank and security cabin that supports active infrastructure

GBT Site - with Outdoor BTS



GBT Site - with Indoor BTS



REGULATORY CHANGES IN THE SECTOR

Key regulatory developments during FY 2013-14 were as follows:

Telecom Tower Design Specifications

The Department of Telecommunications (DoT) vide its letter dated December 11, 2012 had recommended all telecom service providers to establish or use towers that conform to applicable Generic Requirements (GRs) issued by Telecom Engineering Center (TEC) and DoT. Telecom towers erected or used by telecom service providers with effect from April 1, 2014 shall conform to the GRs of Towers issued by TEC. The letter also stated that telecom service providers may suggest new designs, if any, along with specifications to TEC by January 31, 2013 so that such designs can be shortlisted and vetted for structural safety and corresponding GRs can be issued to ensure that the specifications are ready well in advance for usage before the due date i.e. April 1, 2014.

Various tower manufacturers have submitted their tower designs to TEC for which approval is yet to be received.

The industry association i.e. Tower and Infrastructure Providers Association (TAIPA) have filed necessary submissions with DoT wherein inter alia a request has been made to DoT/TEC not to mandate GRs and rather make it optional for the industry to implement the suggested GRs in design and deployment.

DoT – Issuance of Final Guidelines for Installation of Mobile Towers

DoT has issued final guidelines for installation of mobile towers. The guidelines include directions for the State/ Local Administrative Authorities. The said guidelines were made effective from August 1, 2013. DoT has inter-alia admitted therein that telecom installations are lifeline installations and a critical infrastructure in mobile communication. In order to avoid disruption in mobile communication, an essential service, these guidelines recommend inter alia as follows:

- Single window clearance
- Electricity connection on priority
- Nominal one time administrative fees for permission of installation of tower
- No demolition / sealing without the consent of Term cell in the event of any electromagnetic field (EMF) related complaint/s
- To address public grievances related to the tower installations, State Governments may set up State Level Committee consisting of Term cell, State Administration, representatives of telecom service providers and eminent public persons

Infrastructure Providers not brought under Unified License regime

DoT has issued guidelines for grant of unified license on August 19, 2013 whereby they have moved towards convergence between various services, networks, platforms and technologies. However, Infrastructure Providers (IP-1s) have not been brought under the unified license regime.

OPPORTUNITIES & THREATS

Opportunities

Low rural penetration levels

Indian telecom market has a huge untapped potential in the rural areas. With rural tele-density still at 43.27% (as in March 2014, Source – TRAI), there is significant headroom for growth in voice services currently and in data services over time.

The high cost of providing services and the ability to quickly deploy state of the art networks will translate into growth opportunities for the Company. Already, Bharti Infratel has a wide footprint in the B and C category circles of India enabling the expansion of networks into rural markets.

Roll out of New Technologies

The Indian wireless telecommunications market is experiencing an increase in demand for data services driven by India's growing young, urban population, the availability of affordable handsets and the production and proliferation of relevant content. Operators, having spent close to ₹ 1,804 Bn on the 3G and 4G licenses since 2010, are also focused towards growing the data story. During the recent spectrum auctions in February 2014, most of the big and serious players have acquired 5MHz contiguous spectrum on 1800 band across different circles. With this development, 4G FDD LTE will be a reality in India sooner than expected.

The expansion of 3G and 4G network services will require wireless telecommunication service providers to install additional active telecommunication transmission equipment at the towers where they currently operate. In addition to this, we expect that the increasing proliferation of such services and the higher tower density required will lead to demand for new towers from customers.

New Revenue Streams

Considering the proliferation of data services, expansion of 3G/4G network and infrastructure expansion across B & C class cities, there is likely to be a surge in demand for In-building solutions.

Also, TRAI recommendations on Telecom Infrastructure Policy dated April 2011 promote Indoor Building Solutions (IBS) sharing as it provides for:

- All buildings including hospitals having more than 100 beds and shopping malls of more than 25,000 square feet super built area to be IBS enabled within one year;
- IBS/Distributed Antenna System (DAS) solutions to be put in all Central Government buildings including central PSU buildings, Airports and buildings falling under their jurisdiction & control;
- IP-I and telecom service providers may be mandated to share IBS/DAS system deployed in the buildings, complexes or streets.

During the year, we have deployed few IBS network installations for our customers at high footfall locations. We continue to look for such opportunities across the country and are prepared to meet the customer's needs to deploy additional IBS across the network.

In addition, there exists the future possibility of offering transmission backhaul through optical fibre connectivity and microwave connectivity at towers, subject to favorable regulatory changes, as well as providing first level maintenance services in relation to customers' active infrastructure installed at towers.

Entry of Reliance Jio in broadband

The entry of Reliance Jio with pan India Unified License in the telecom business is positive news for tower companies. Bharti Infratel has already signed the tower sharing agreement with Reliance Jio wherein Reliance Jio would utilise the telecom tower infrastructure of Bharti Infratel to launch its services across the country. Today, we are proud to say that all operators in the country are our customers.

Reliance Jio holds spectrum in high frequency and we believe that they will need a huge number of towers for a pan India offering. This deal will be mutually beneficial for both the companies. Bharti Infratel is expected to increase the sharing factor across its portfolio as Reliance Jio is likely to have pan India presence and be a large player in the industry.

Grant of Infrastructure Status to Telecom Towers

The Cabinet Committee on Infrastructure has approved the framework for using the harmonised master list of infrastructure sub-sectors, which was notified in the Official Gazette of India on March 28, 2012. The harmonised list of infrastructure sub-sectors includes 'telecommunication towers' under the 'Communication' category. This development will result in the telecom towers industry benefiting through higher ECB limits, eligibility for viability gap funding, lower lending rates, lower import duties, certain excise exemptions, tax holidays and accelerated depreciation benefits.

Tower and Infrastructure Providers Association (TAIPA) has made submissions to the Ministry of Finance and other Government bodies to provide the benefits envisaged to tower companies.

Threats

General economic conditions in India

The Indian economy has witnessed slow growth over the last several years that has hurt investors sentiment and the industry has postponed capex investment.

Bharti Infratel's business and growth prospects mainly depend on demand from wireless telecommunication service providers in India and any disruption to a fair, transparent and sustainable telecom regime will affect the Company adversely.

Regulatory Environment in India

After continuous regulator uncertainty in the past, the year 2013-2014 was better. Clarity emerged on spectrum pricing with successful auctions in February 2014. The operators have bought the spectrum at higher prices in the recent rounds of auctions. They are now looking towards greater cost rationalisations, including optimising the existing

The Company had an EBITDA of 44,118 Mn witnessing a growth of 15.8% year on year. The EBITDA margin for the financial year ended March 31, 2014 was 40.7%. The Company reported a net income of ₹ 15,179 Mn for the full year ended March 31, 2014 i.e. 14.0% of our consolidated revenues, registering Y-o-Y growth of 51.4%.

networks. Further, the wireless telecommunication industry may face policy changes in relation to spectrum pricing, auction and renewal of licenses and implementation of EMF radiation norms.

Such regulatory developments may have a significant bearing on the long term growth prospects of the industry along with a setback to government's agenda as laid out in the National Telecom policy.

The good news is that pricing power is returning to the operators, leading to better health and viability of the sector. The quest for quality, profitability and viability on the operator side is a welcome sign for long-term growth of the tower industry.

Operator Consolidation

The Telecom market in India was fragmented with more than 14 players at one point of time. The Average Revenue per User (ARPU) in India is lowest in the world and the industry went through a phase of hyper competition in recent years. Today, operators are able to increase prices as the industry has become ready for consolidation. For instance, Airtel has acquired Loop reflecting this trend. The consolidation of operators may lead to co-location churn for tower companies due to consolidation and rationalisation of networks. Bharti Infratel is largely insulated from this as approx 85% of the revenues come from the top three players in the industry and these three players are expected to be acquirers rather than being targets. In the long run, we believe that consolidation is good for the industry.

FINANCIAL RESULTS & OPERATIONS

Bharti Infratel put up a healthy performance in the financial year 2013-14.

On a consolidated basis, the Company added 10,594 net co-locations during the year. As on March 31, 2014, average sharing factor stood at 1.96 times on a consolidated basis (with a closing sharing factor of 2.01).

Our consolidated revenue from operations for the year ended March 31, 2014 was ₹ 1,08,267 Mn, a growth of 5.4% compared to year ended March 31, 2013. Our consolidated revenue comprises of primarily revenues from co-locations of Bharti Infratel and 42% economic interest in Indus and their energy billings. As on March 31, 2014, Bharti Infratel and Indus had average sharing factors of 1.87 (with closing sharing factor of 1.93) and 2.02 (with closing sharing factor of 2.07) per tower respectively. Revenue for the full year ended March 31, 2013 includes un-eliminated IRU income, the accrual of which discontinued post Indus Merger. Adjusting the same, comparable revenue growth on year on year basis for the full year ended March 31, 2014 is 8.3%.

The Company had an EBITDA of 44,118 Mn witnessing a growth of 15.8 % year on year. The EBITDA margin for the financial year ended March 31, 2014 was 40.7 %. The Company reported a net income of ₹ 15,179 Mn for the full year ended March 31, 2014 i.e. 14.0 % of our consolidated revenues, registering Y-o-Y growth of 51.4 %.

The financial statements of the Company have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP). The Company has prepared these financial statements to comply in all material respects with the accounting standards notified under the Companies (Accounting Standards) Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 1956, read with General Circular 8/2014 dated April 4, 2014 issued by the Ministry of Corporate Affairs. The financial statements have been prepared under the historical cost convention on an accrual basis except in case of assets for which fair valuation is carried out. The accounting policies adopted in the preparation of financial statements are consistent with those of previous year.

RISKS & CONCERNS

The following section discusses the various aspects of enterprise-wide risk management. Readers are cautioned that the risk related information outlined here is not exhaustive and is for information purpose only.

Bharti Infratel believes that risk management and internal control are fundamental to effective corporate governance and the development of a sustainable business. Bharti Infratel has a robust process to identify key risks across its operations and prioritise relevant action plans that can mitigate these risks. Key risks that may impact the Company's business include:

Changes in regulatory environment

Despite some improvements, the regulatory environment in India continues to be challenging. Recent regulatory developments will have significant implications on the future of telephony as well as India's global competitiveness. Amid this uncertain regulatory environment, larger players continue to enjoy majority of the market share. As we derive a substantial portion of our revenues from the three largest telecom players in India, the risk is mitigated to a large extent.

Natural disasters damaging telecom networks

The Company's telecom networks are subject to risks from natural disasters or other external factors. The Company maintains insurance for its assets, equal to the replacement value of its existing telecommunication network, which provides cover for damage caused by fire, special perils and terrorist attacks. Such failures and natural disasters even when covered by insurance may cause disruption, though temporary, to the Company's operations. The Company has been investing significantly in business continuity plans and disaster recovery initiatives which will enable it to continue with normal operations and offer seamless service to our customers under most circumstances.

During the Uttarakhand floods and Super Cyclone Phailin in Odisha, the Company was able to demonstrate its operational excellence and disaster management skills. Our people's efforts and robust processes helped us restore operations promptly, thus ensuring vital telecom connectivity at all times. The Company's commitment towards service excellence even in times of crisis has been well appreciated by all customers and establishes robustness of our business continuity plans.

INTERNAL CONTROL SYSTEMS

The Chief Executive Officer (CEO) and Chief Financial Officer (CFO) are accountable for financial controls, measured by objective metrics on accounting hygiene and audit scores. The Company deploys a robust system of internal controls that facilitates the accurate and timely compilation of financial statements and management reports, ensures regulatory and statutory compliance, and safeguards investor interest by ensuring the highest level of governance and periodic communication with investors.

The Audit Committee reviews the effectiveness of the internal control system across the Company and also invites the senior management/functional heads to provide an update on their functions from time to time. A CEO and CFO Certificate included in the Corporate Governance Report confirms the existence of effective internal control systems and procedures in the Company. The Company's Internal Assurance Group also conducts periodic assurance reviews to assess the adequacy of internal control systems and reports to the Audit Committee of the Board.

The Company has enhanced its internal control systems across all circle operations by significantly improving the quality and frequency of various reconciliations, enhancing the scope and coverage of revenue assurance checks, segregation of duties, rolling out self-validation checks, regular physical verification, system audits, desktop reviews as well as continuous training and education.

In summary, the healthy balance between empowerment and accountability at every operating level fosters a culture of responsible growth and well-judged risk taking.

MATERIAL DEVELOPMENTS IN HUMAN RESOURCES

At Bharti Infratel, we believe people excellence is the foundation for building a culture of service excellence. The Value Proposition for our people under the theme "Towering above Together" focuses on the pillars of 'Stretching Boundaries Together', 'Building Leaders for Tomorrow' and 'You Grow, We Grow'. Key focus areas under this proposition during the year were:

Quality of Hire

We are hiring younger employees, educated from Tier I / Tier II institutes and with a previous work experience with reputed organisations. Improving gender diversity remains a key focus area and gender diversity has improved from 4% to 8% of recruits during 2013-14.

Talent Pipeline and Succession Planning

We successfully identified talent pipeline for 58% of critical roles and 50% of the succession pipeline identified for business head role was converted. As part of succession planning, 33% of the business heads have been moved to larger geographies.

Graduate Engineer Trainee (GET) Program

The Company has hired 18 young talents from premier technical institutes like NITs. These young recruits are going through a rigorous development program aimed at accelerating their career and for developing young leaders of tomorrow.

Career Framework and Career Plans

We have developed functional career paths and career plans for all eligible employees. There have been 99 role changes, 135 location changes and 38 cross-functional movements as part of the career planning.

Talent Development

Competency development of our people is focused towards increasing performance at current role and preparing for future roles. Differential investment is made for our Top Talent through which 60% of employees have been skilled in behavioral interventions and 100% of middle management leading large teams have been skilled in managerial effectiveness.

Functional Academies

During the year, we have set up functional academies to enhance our people's skills on globally benchmark practices and tools. Functional Academies have trained 62.3% of employees extensively using e-learning and internal training by subject matter experts.

Senior Leadership Development

Significant investments have been made this year for scaling up the leadership team by working closely with leading global partners.

OUTLOOK

India is at a critical inflection point of data growth and incremental voice growth. The operator landscape is also rationalising and operators show renewed thrust on rollouts, seamless coverage and new technologies in order to effectively compete in the marketplace and recover economic returns on the enormous investments made on spectrum and license.

Bharti Infratel's outlook is in line with future growth potential of the sector. With a global scale of operations, pan India presence, significant deployment expertise and healthy customer relationships with India's leading telecom operators, the Company is poised to benefit from all growth opportunities in the Indian market. Also, our continued unwavering focus on cost and synergies across the organisation will keep us in a healthy financial position. Our business model augurs well for our expansion and success in new regions.

SUMMARY

Despite the recent temporary slowdown, India continues to be one of the fastest growing economies in the world with a significant demand for telecom services favored by low rural penetration levels, poor broadband access and a large and growing youth population demanding high speed data and allied telecom services.

As a leading provider of telecom tower Infrastructure services, the Company is well positioned to benefit from the secular growth of this sector, while further aiding the vision and goal of providing affordable telephone and broadband access to all parts of the country.

Report on Corporate Governance

Good and transparent Corporate Governance practices strengthen our social stature and attract financial and human capital. These resources are optimally utilised to maximise long-term shareholder value, while preserving the interests of multiple stakeholders in the locations where we operate and the society at large.

GOVERNANCE PHILOSOPHY

At Bharti Infratel ('the Company'), we believe Corporate Governance is more than a set of governance standards. It represents a philosophy that inspires the Board to formulate business strategies and plans, which are consistent with the welfare of shareholders and the greater stakeholder community. Good and transparent Corporate Governance practices strengthen our social stature and attract financial and human capital. These resources are optimally utilised to maximise long-term shareholder value, while preserving the interests of multiple stakeholders in the locations where we operate and the society at large. The Company is committed to benchmark itself with the best standards of Corporate Governance in both letter and spirit.

In accordance with Clause 49 of the Listing Agreement with BSE Limited (BSE) and the National Stock Exchange of India Limited (NSE) and some of the best practices followed internationally on Corporate Governance, the following report on governance lays down the ethos of Bharti Infratel Limited and its commitment to conduct business in accordance with sound Corporate Governance practices.

At Bharti Infratel, Corporate Governance practices are based on the following broad principles with the objective of adhering to the highest standards of governance through continuous evaluation and benchmarking.

- Well-experienced and diverse Board of Directors;
- Adoption of transparent procedures and practices and arriving at decisions on the strength of adequate information;
- Ensuring compliance with regulatory and fiduciary requirements in letter and spirit;
- High levels of disclosures for dissemination of corporate, financial and operational information to all its stakeholders;
- Adoption of policy on tenure of Independent Directors, rotation of Auditors and a code of conduct for Directors and senior management;
- Creation of various committees for Audit, HR and Nomination, Stakeholders Relationship and Corporate Social Responsibility;
- Ensuring complete and timely disclosure of relevant operational information to enable the Board to play an effective role in guiding strategy;

- Informal meeting of Independent Directors without the presence of any Non-Independent/Executive Directors to identify areas where they need more clarity or information and then put them before the Board;
- Reviewing regularly and establishing effective meeting practices that encourage active participation and contribution from all members;
- Independence of Directors in reviewing and approving corporate strategy, major business plans and activities;
- Well-defined corporate structure that establishes checks and balances and delegates the decision-making process to appropriate levels in the organisation, with the Board remaining in effective control of the Company's affairs at all times.

Governance Structure

The corporate governance structure of our Company is multi-tiered, comprising governing/functional business management boards at various levels, each of which is interlinked in the following manner:

a) Strategic Supervision and Direction – by the Board of Directors, who exercises independent judgment in overseeing management performance on behalf of the shareowners and other stakeholders and hence, plays a vital role in the oversight and management of the Company;

b) Control and implementation – by the Infratel Executive Committee, chaired by the CEO. This team owns and drives company-wide processes, systems and policies and meets on a monthly basis to review execution of business strategy and ensure that operational synergies are achieved. This team also functions as a role model for leadership development and as a catalyst for imbibing customer centricity and meritocracy in the culture of the Company;

c) Operations management – by the Circle Executive Committee, headed by the Circle Business Head, for day-to-day management and decision making, focused on enhancing the efficiency and effectiveness of the circle business indicators ; and

d) Risk Committee which monitors the effectiveness of the risk management process and reviews and approves the risk mitigation strategies of the Company.

Our governance structure helps in clearly determining the responsibilities and entrusted powers of each of the business entities, thus enabling them to execute those responsibilities in the most effective manner. It also allows us to maintain our focus on the organisational DNA and current and future business strategy, besides enabling effective delegation of authority and empowerment at all levels.

Information Security

Information assets of the Company are provided comprehensive protection against the consequences of breaches of confidentiality, failures of integrity and interruptions to their availability, loss of authenticity and/or repudiation of a transaction.

The Bharti Infratel Information Security Policy provides management direction and support to ensure protection of the Company's information assets, and to allow access, use and disclosure of such information in accordance with appropriate standards, laws and regulations.

Information Security and Business Continuity Certification

ISO 27001

Taking forward the Information Security framework, the Company implemented Information Security Management System (ISMS) in 2012-13 and was awarded the coveted ISO 27001 certificate without a single non-conformity or observation. This covered our Head Office, Tower Operations Centre, Data Centre, and the circle offices of Madhya Pradesh, Chhattisgarh, Bihar, Assam and the North-East. During the year, we have been re-certified, as part of the annual certificate renewal exercise, without a single non-conformity or observation. Successful ISO 27001 certification reiterates our commitment towards providing our customers with a secure and trustworthy service.

ISO 22301

The Company has invested substantially in the implementation of business continuity management systems and disaster recovery plans. During 2012-13, we embarked upon a BS 25999 audit and certification programme. This covered our Head Office, Tower Operations Centre, Data Centre, and the circle offices of Madhya Pradesh, Chhattisgarh, Bihar, Assam and the North-East. The Company was certified as per the BS 25999 standard in May 2013 without a single non-conformity or observation.

The Company is now moving towards adoption of the new ISO 22301 certificate to benchmark its business continuity and disaster recovery plans against global standards. Over 30 employees have been trained and certified as 'ISO 22301 Implementers'.

BOARD OF DIRECTORS

The Board of Directors, along with its committees, provides leadership and guidance to the Company's management and directs, supervises and controls the performance of the Company. The Company's Board is an optimum mix of Executive, Non-Executive and Independent Directors constituted in conformity with the provisions of the Companies Act, 2013 and Listing Agreement.

As on the date of this report, the Board of Directors comprises 10 Directors. Mr. Akhil Gupta (Chairman w.e.f April 1, 2014) and Mr. D S Rawat (Managing Director & CEO w.e.f April 1, 2014) are the Executive Directors on the Board. Mr. Mark Chin Kok Chong, Mr. Rakesh Bharti Mittal and Mr. Sanjay Nayar are the Non Executive Non-Independent Directors. Further, Mr. Bharat Sumant Raut, Mr. Jitender Balakrishnan, Ms. Leena Srivastava, Mr. N Kumar and Mr. Vinod Dhall are the Non-Executive Independent Directors.

Meeting, Attendance and Composition

During the financial year 2013-14, the Board of Directors met four times on April 30, 2013; July 29, 2013; October 28, 2013 and January 23, 2014. The period between any two consecutive meetings of the Board of Directors of the Company was not more than four months.

During the year under review, the Board of Directors has approved one matter by passing a resolution by circulation.

Detailed profile of each of the Director is given on page 12 of this report and also available on the website of the Company at www.bharti-infratel.com in the Investor Relations section.

Composition of the Board of Directors of the Company and other Directorship(s) / committee membership(s) / Chairmanship(s) as on March 31, 2014, the number of meetings held during their tenure and attended by them is given in Table – 1.

Table – 1 : Details about the Company's Board of Directors

Name of Director (DIN)	No. of Board Meetings held during his / her tenure and attended		Attendance at last AGM	Number of outside Directorship(s)*	Committee membership(s) / Chairmanship(s)^	
	Held	Attended			Membership(s) (including Chairmanship)	Chairmanship(s)
Mr. Akhil Gupta[1] (00028728)	4	4	No	8	6	3
Mr. Bharat Sumant Raut (00066080)	4	4	Yes	5	3	3
Mr. Jitender Balakrishnan (00028320)	4	3	No	12	5	2
Ms. Leena Srivastava (00005737)	4	4	No	3	1	Nil
Mr. Mark Chin Kok Chong[2] (06638569)	3	3	NA	Nil	Nil	Nil
Mr. Murray Philip King[3] (06415439)	1	-	No	NA	Nil	NA
Mr. N Kumar (00007848)	4	3	No	5	4	3
Mr. Rakesh Bharti Mittal[4] (00042494)	4	4	Yes	8	3	1

Name of Director (DIN)	No. of Board Meetings held during his / her tenure and attended		Attendance at last AGM	Number of outside Directorship(s)*	Committee membership(s) / Chairmanship(s)^	
	Held	Attended			Membership(s) (including Chairmanship)	Chairmanship(s)
Mr. Sanjay Nayar (00002615)	4	3	No	6	4	1
Mr. Sarvjit Singh Dhillon[5] (00275924)	4	4	No	NA	NA	NA
Mr. Vinod Dhall (02591373)	4	4	No	5	7	3

* Excluding Private Companies, Foreign Companies, Section 25 Companies, Trusts and Alternate Directorships

^ Committees for this purpose mean Audit Committee and Shareholders'/Investors' Grievance Committee of Indian public companies, including committees of Bharti Infratel Limited

[1] Appointed as Chairman while relieving from the position as Managing Director w.e.f. April 1, 2014

[2] Appointed as Additional Director w.e.f. July 29, 2013

[3] Ceased to be a Director w.e.f. July 29, 2013

[4] Ceased to be Chairman w.e.f. April 1, 2014

[5] Ceased to be a Director w.e.f. March 31, 2014

Note: Mr. D S Rawat has been appointed as Additional Director and the Managing Director with effect from April 1, 2014.

Independent Directors

Clause 49 of the Listing Agreement and Companies Act, 2013 requires every listed company to have the requisite number of Independent Directors on the Board and also sets out various criteria for a person to be eligible for appointment as an Independent Director.

The Company has formulated a comprehensive policy for Independent Directors in line with the requirements under Clause 49 of the Listing Agreement and Companies Act, 2013. The policy provides that at the time of appointment and thereafter every year in April, the Independent Directors shall submit a self-declaration confirming their independence and compliance with the eligibility criteria as laid above, among other things. All such declarations are placed before the Board for information.

Independent Directors meet separately prior to the commencement of every board meeting without the presence of any Non-Independent Director or representatives of the management to discuss and form an independent opinion on the agenda items and other board-related matters. Independent Directors also meet Statutory Auditors as well as Internal Auditors at least once in a year. Mr. N Kumar is the Lead Independent Director.

Information Supplied to the Board

Board members are given agenda papers along with necessary documents and information in advance of each meeting of the Board and Committee(s). However, in case of business exigencies or urgencies, the resolution(s) are passed by way of circulation.

Code of Conduct

The Company has laid down a Code of Conduct (Code) for all Board members and senior management of the Company. The Code is available on the website of the Company www.bharti-infratel.com. The Code has been circulated to all members of the Board and senior management and they have affirmed their compliance with the Code. A declaration signed by the Managing Director & CEO to this effect is attached as Annexure – A to this Report.

Certification

The certificate required under Clause 49 (V) of the Listing Agreement duly signed by the Managing Director & CEO and CFO was placed before the Board and the same is provided as Annexure - B to this report.

Risk Mitigation Plan

The Company has laid down procedures to inform the Board members about the risk assessment and minimisation procedures. These procedures are being periodically reviewed to ensure that management controls risk through means of a properly defined framework.

COMMITTEES OF THE BOARD

The Board Committees play a vital role in ensuring sound Corporate Governance practices. The Committees are constituted to handle specific activities and ensure speedy resolution of the diverse matters. The Board of Directors has constituted Committee(s) of Directors, with adequate delegation of powers. The Company Secretary of the Company acts as the Secretary to the meetings of the Committees. Each Committee has its own charter which sets forth the purposes, goals and responsibilities of the concerned Committees. As on the date of this report , there are five Committees of the Board, details of which are given below:

1. Audit Committee

Audit Committee of the Board comprises members as mentioned below. The constitution of the Audit Committee is in compliance with the requirements of the Companies Act, 2013 and Listing Agreement.

i) Mr. Bharat Sumant Raut (Chairman of the Committee) - Non-Executive Independent Director

ii) Mr. Jitender Balakrishnan - Non-Executive Independent Director

iii) Mr. Vinod Dhall - Non-Executive Independent Director

iv) Mr. Sanjay Nayar - Non-Executive Non-Independent Director

The role and terms of the Audit Committee covers the area of Clause 49 of the Listing Agreement with stock exchanges and the Companies Act , 2013 besides other terms as may be referred to by the Board of Directors of the Company. The Committee's purpose is to oversee the quality and integrity of accounting, auditing and the financial reporting process, including review of the internal audit reports and action taken reports. The Audit Committee actively reviews the adequacy and effectiveness of the internal control systems and suggests improvements for strengthening them, as appropriate.

The Audit Committee provides direction to the audit function and monitors the quality of internal and statutory audit. The responsibilities of the Audit Committee also include examining the financial statements and auditor's report and overseeing the financial reporting process to ensure fairness, sufficiency and credibility of financial statements. The Committee recommends the appointment and removal of Statutory Auditors, Internal Auditors and Cost Auditors and fixation of their remuneration, approval of payment to Statutory Auditors for other non-audit services rendered by them, review and monitor with the management the auditor's independence, performance and effectiveness of audit process, review of functioning of Whistle Blower Policy, review of the quarterly and annual financial statements before submission to the Board, review of the adequacy of internal control systems and the internal audit function, review of compliance with inspection and audit reports and reports of Statutory Auditors, review of the findings of internal investigations, approval of transactions with related parties or any subsequent modifications, review of statement of significant related party transactions, review of management letters/letters on internal control weaknesses issued by Statutory Auditors, 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 utilised for the purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency.

The Committee monitors the utilisation of proceeds of a public or rights issue and makes appropriate recommendations to the Board to take steps in this matter, discussion on the scope of audit with external Auditors and examination of reasons for substantial defaults, if any, in payment to stakeholders, valuation of undertakings or assets, appointment of registered valuer, review financial and risk management policies, implementation of treasury policies and status of investor relation activities, scrutiny of inter-corporate loans and investments. The Audit Committee is also empowered to approve the appointment/re-appointment of the CFO after assessing the qualifications, experience and background, etc. of the candidate.

Meeting, Attendance and Composition

During the financial year 2013-14, the Audit Committee met four times, i.e. on April 30, 2013; July 29, 2013; October 28, 2013 and January 23, 2014. The time gap between any two meetings was less than four months. The Audit Committee members approved one matter by passing a resolution by circulation during the financial year 2013-14.

Besides the Committee Meetings as above, the Committee held a video conference call before every regular meeting to discuss the internal assurance report and internal control report. This provides an opportunity to the Audit Committee to devote more time on other significant matters in their regular meetings. During the financial year, the Committee met four times through video conferences on April 25, 2013; July 23, 2013; October 21, 2013 and January 20, 2014.

The composition and attendance of members at the meetings held during the financial year 2013-14, are given in Table – 2

Table – 2 : Details of Audit Committee

Name of Director	Category	No. of Meetings held during his tenure and attended		No. of Conference call held during his tenure and attended	
		Held	Attended	Held	Attended
Mr. Bharat Sumant Raut – Chairman	Non-Executive Independent Director	4	4	4	4
Mr. Jitender Balakrishnan	Non-Executive Independent Director	4	3	4	4
Mr. Sanjay Nayar	Non-Executive Non-Independent Director	4	3	4	1
Mr. Vinod Dhall	Non-Executive Independent Director	4	4	4	2

2. HR, Nomination and Remuneration Committee

HR, Nomination and Remuneration Committee (earlier known as HR & ESOP Compensation Committee) of the Board comprises members as mentioned below. The constitution of the HR, Nomination and Remuneration Committee is in compliance with the requirements of the Companies Act, 2013 and Listing Agreement.

i) Mr. N Kumar (Chairman of the Committee) - Non-Executive Independent Director

ii) Ms. Leena Srivastava - Non-Executive Independent Director

iii) Mr. Mark Chin Kok Chong - Non-Executive Non-Independent Director

The constitution, role and terms of the HR, Nomination and Remuneration Committee covers the areas of compliance within the provisions of the Companies Act, 2013, the Securities and Exchange Board of India Act, 1992 and the applicable rules and guidelines promulgated thereunder and the Listing Agreements.

The Committee formulates and recommends strategies for attraction & retention of employees, policy related to remuneration of directors, key managerial personnel and other employees; determining the compensation and performance targets of the Board and key managerial personnel; assessing learning and development needs of the Directors and the employees and other human resource related issues.

The role of the Committee is also to formulate policy for determining qualifications, positive attributes and independence of directors and recommending the same to the Board; to identify persons who are qualified to become Directors/Lead Independent Director and who may be appointed in senior management in accordance with the criteria laid down and to conduct an annual evaluation of the overall effectiveness of the Board and performance of each of the Director.

The function of the Committee is also to formulate ESOP plans, terms and conditions of the ESOP Scheme viz quantum of options to be granted, performance conditions attached to the ESOP, exercise period, vesting etc. and further to frame policies to ensure compliance of Securities and Exchange Board of India (prohibition of Insider Trading) Regulations, 1992.

Meeting, Attendance and Composition

During the financial year 2013-14, the HR, Nomination and Remuneration Committee met four times, i.e. on April 30, 2013; July 29, 2013; October 28, 2013; and January 23, 2014. The time gap between any two meetings was less than four months.

The composition and attendance of members at the meetings held during the financial year 2013-14, are given in Table – 3:

Table – 3 : Details of HR, Nomination and Remuneration Committee

Name of Director	Category	No. of Meetings held during his/her tenure and attended	
		Held	Attended
Mr. N Kumar – Chairman	Non-Executive Independent Director	4	3
Ms. Leena Srivastava	Non-Executive Independent Director	4	4
Mr. Murray Philip King[1]	Non-Executive Non-Independent Director	1	0
Mr. Mark Chin Kok Chong[2]	Non-Executive Non-Independent Director	3	3

[1] Ceased to be member w.e.f. July 29, 2013
[2] Appointed as member w.e.f. July 29, 2013

Remuneration Policy for Directors

(A) Executive Director(s)

The remuneration of the Executive Directors is approved by the Board of Directors, within the limits approved by the shareholders on the basis of the recommendation of the HR, Nomination and Remuneration Committee.

The Executive Directors' remuneration has two components: fixed pay and variable pay (performance-linked incentive). The fixed pay is paid to the Director on monthly basis, the performance-linked incentive is paid on the basis of performance after the end of the financial year. A fair portion of the remuneration of the Executive Directors is linked to the Company's performance, thereby creating a strong alignment of interest with the shareholders.

The performance targets, i.e. the Key Result Areas (KRA), together with the performance indicators for the Executive Directors are approved by the HR, Nomination and Remuneration Committee at the beginning of the year. In addition to the fixed and variable pay, Executive Directors are also entitled to ESOPs as applicable from time to time and other perquisites and retirement benefits as per the policy of the Company.

(B) Non-Executive Non-Independent Director(s)

As approved by the Board at its meeting held on April 24, 2014, the Non-Executive Non-Independent Director(s) are eligible for Commission of ₹ 750,000 per annum (effective April 1, 2014).

(C) Non-Executive Independent Director

During the financial year 2013-14, Non-Executive Independent Directors were entitled for commission upto an amount of ₹ 1,000,000 per annum. The Chairman of the Audit Commitee was entitled to an additional commission of ₹ 500,000 per annum. A sitting fees of ₹ 10,000 each was also paid for attending meeting of the Board and Committees thereof.

Remuneration payable to Non-Executive Independent Director was revised by the Board of Directors in its meeting held on April 24, 2014. As per the revised policy, the Non-Executive Independent Directors are eligible for Commission of ₹ 15,00,000 per annum (effective April 1, 2014). The Chairman of the Audit Committee is entitled to an additional commission of ₹ 500,000/- per annum.

- The commission is payable annually after approval of financial results for the year;
- The payment of commission is prorated to the number of meetings attended by the Directors in which quarterly results are considered;
- The payment of commission is subject to the availability of sufficient profits within an overall ceiling of 1% of net profits of the Company and is within the limits approved by the shareholders in the general meeting held on July 3, 2013.

There are no pecuniary relationships or transactions between the Independent Directors and the Company, except for sitting fees/commission, as applicable, for attending the meetings of Board and Committee(s) thereof.

Further are no pecuniary relationships or transactions of Non-Executive Non-Independent Directors vis-a-vis the Company.

Remuneration paid to Directors

Table - 4 gives details of remuneration paid to the Directors. During 2013-14, the Company did not advance any loan to any of its Directors. Further, no Director has been granted any stock options during the year.

Table – 4 : Remuneration to Directors

(figures in ₹)

Name of the Director	Sitting Fees	Salary and Allowances[1]	Performance-linked Incentive[2]	Perquisites[3]	Commission[4]	Total
Mr. Akhil Gupta	Nil	38,640,538	36,386,000	30,727,600	Nil	105,754,138
Mr. Bharat Sumant Raut	80,000	Nil	Nil	Nil	1,500,000	1,580,000
Mr. Jitender Balakrishnan	60,000	Nil	Nil	Nil	750,000	810,000
Ms. Leena Srivastava	80,000	Nil	Nil	Nil	1,000,000	1,080,000
Mr. N Kumar	60,000	Nil	Nil	Nil	750,000	810,000
Mr. Vinod Dhall	80,000	Nil	Nil	Nil	1,000,000	1,080,000
Total	**360,000**	**38,640,538**	**36,386,000**	**30,727,600**	**5,000,000**	**111,114,138**

Note: Mr. Akhil Gupta, Chairman, has been allotted 350,000 Equity Shares pursuant to the ESOP Scheme 2008 during the year.

[1] The salary and allowances includes the Company's contribution to the Provident Fund.
[2] Performance Linked Incentive for the FY 2012-13 was paid during financial year 2013-14.
[3] The value of the perquisites is calculated as per the provisions of the Income Tax Act, 1961.
[4] Provision for payment of commission for financial year 2013-14.

3. Stakeholders' Relationship Committee

In order to ensure quick redressal of the complaints of the stakeholders, the Company has, in due compliance with Clause 49 of the Listing Agreement and Companies Act, 2013, constituted a Stakeholders' Relationship Committee (earlier known as Shareholders'/Investors' Grievance Committee). As on the date of this report, the following are the members of this committee:-

i) Mr. Rakesh Bharti Mittal (Chairman of the Committee) - Non-Executive Non-Independent Director

ii) Mr. Akhil Gupta - Executive Director

iii) Mr. D S Rawat - Executive Director (Appointed as member of the Committee w.e.f. April 24, 2014)

The main function of the Stakeholders' Relationship Committee of the Board is to consider and resolve the grievances of security holders of the Company. The Committee looks into redressal of shareholders' complaints and is responsible for supervising and ensuring efficient and judicious transfer of shares and proper and timely redressal of the investors' grievances.

The Stakeholders' Relationship Committee oversees redressal of shareholders' and investors' grievances including complaints related to non-receipt of balance sheet and non-receipt of declared dividend, formulate procedures in line with the statutory guidelines to ensure speedy disposal of various requests received from shareholders, transfer/transmission of shares, issue of duplicate shares, sub-division, consolidation, recording dematerialisation/rematerialisation of shares and related matters.

Meeting, Attendance and Composition

During the financial year 2013-14, the Stakeholders' Relationship Committee met 14 times, i.e. on May 1, 2013; July 3, 2013; July 22, 2013; August 14, 2013; September 6, 2013; October 10, 2013; October 24, 2013; November 6, 2013; November 19, 2013; December 09, 2013, December 24, 2013; January 13, 2014; February 4, 2014 and March 28, 2014. The attendance records of the members of the Stakeholders' Relationship Committee are given in Table – 5:

Table – 5 : Details of Stakeholders' Relationship Committee

Name of Director	Category	Number of meetings during the year 2013-14	
		Held	Attended
Mr. Rakesh Bharti Mittal - Chairman	Non-Executive Non-Independent Director	14	8
Mr. Sarvjit Singh Dhillon[1]	Non-Executive Non-Independent Director	14	13
Mr. Akhil Gupta	Executive Director	14	13

[1] Ceased to be Director w.e.f. March 31, 2014

Compliance Officer

Mr. Anupam Garg, Company Secretary, acts as the Compliance Officer of the Company for complying with the requirements of the Listing Agreements and requirements of SEBI (Prohibition of Insider Trading) Regulation, 1992.

During the financial year 2013-14, the complaints received by the Company were general in nature, which were resolved to the satisfaction of the shareholders. The status of complaints is reported to the Board on a quarterly basis. Details of investors' complaints as on March 31, 2014 are given in Table – 6:

Table – 6 : The details of shareholders' complaints during 2013-14

Complaints pending on April 1, 2013	Number of complaints received during 2013-14	Complaints redressed during the year 2013-14	Complaints pending at the end of the year (March 31, 2014)
NIL	18	18	NIL

To redress investors' grievances, the Company has a dedicated e-mail id, compliance.officer@bharti-infratel.in to which investors may send their grievances.

4. Committee of Directors

The Board has also constituted a functional committee known as the 'Committee of Directors' to cater to various day-to-day requirements and to facilitate seamless operations of the Company. As on the date of this report following are the members of this committee:

i) Mr. Akhil Gupta (Chairman of the Committee) - Executive Director

ii) Mr. Rakesh Bharti Mittal - Non-Executive Non-Independent Director

iii) Mr. D S Rawat - Executive Director (Appointed as member of the Committee w.e.f. April 24, 2014)

The functions of the Committee include making of loans, borrowing money and availing credit facilities, giving guarantees and negotiating & finalising the terms & conditions for the same and creating charge on the assets, if required, within the overall limits as approved by the Board. The Committee is empowered to purchase, sell, transfer otherwise deal in shares, securities, mutual funds, money market instruments, fixed deposits foreign exchange, financial derivatives and other related matters. The Committee also makes allotment of shares in terms ESOP scheme, seeks listing of the said shares with the Stock Exchanges. The Committee is also authorised to deal with various Government / Semi-Government / Central Government / State Government and other statutory authorities, to appoint consultants, professionals and to carry out such other functions as may be required for the smooth conduct of the operations of the Company and which does not require specific approval of the Board of Directors of the Company.

5. Corporate Social Responsibility (CSR) Committee

At Bharti Infratel, Corporate Social Responsibility is a way of life and is well integrated with our business strategy. In terms of the provisions of Section 135 of the Companies Act, 2013, the Company has constituted the Corporate Social Responsibility (CSR) Committee on April 24, 2014 to formulate the Corporate Social Responsibility Policy of the Company, recommend the expenditure that can be incurred for this purpose and monitor such policy of the Company from time to time.

Following are the members of this committee:

i) Mr. N Kumar (Chairman of the Committee) - Non-Executive Independent Director

ii) Ms. Leena Srivastava - Non-Executive Independent Director

iii) Mr. D S Rawat - Executive Director

The functions of the Committee include formulation and recommendation to the Board of a CSR Policy indicating the activities to be undertaken by the Company and recommendation of the amount of the expenditure to be incurred on such activities, review CSR Policy and performance of the Company in the area of CSR, evaluate social impact of CSR activities, review before submission with the Board, Business Responsibility Report and Sustainability Report & CSR Report, approve the appointment or re-appointment of directors responsible for Business Responsibility, institute a transparent monitoring mechanism for implementation of the CSR Project or programs or activities and consider other functions, as defined by the Board, or as may be stipulated under any law, rule or regulation including the Listing Agreement, Corporate Social Responsibility Voluntary Guidelines 2009 and the Companies Act, 2013.

SUBSIDIARY COMPANIES

The Company does not have any material non-listed Indian subsidiary.

As on March 31, 2014, the Company has one Subsidiary Company viz. Bharti Infratel Services Limited. The minutes of the meeting of Board of Directors of said company as well as statement of significant transactions and arrangements entered into by the unlisted subsidiary company are placed before the Board Meeting for their review.

GENERAL BODY MEETINGS

Location, date and time of annual general meetings held during the last three years and special resolutions passed thereat are given in Table – 7:

Table – 7 Details of Annual General Meeting

Year	Time, Day, Date & Location	Summary of Special Resolutions
2012-2013	11.30 A.M. IST Wednesday July 3, 2013 Sri Sathya Sai International Centre, Pragati Vihar, Lodhi Road, New Delhi-110003	Re-appointment of Mr. Akhil Gupta as Managing Director Payment of Commission to Non-Executive Director(s) of the Company Amendment of Articles of Association of the Company.
2011-2012	5:00 P.M. IST Friday August 3, 2012 Bharti Crescent, 1, Nelson Mandela Road, Vasant Kunj, Phase – II, New Delhi-110070	None
2010-2011	3:30 P.M. IST Friday July 22, 2011 Bharti Crescent, 1, Nelson Mandela Road, Vasant Kunj, Phase – II, New Delhi-110070	None

During the year, the Company passed the following resolutions by postal ballot / e-voting on March 21, 2014:

- Special Resolution for appointment of Mr. Akhil Gupta as Executive Chairman w.e.f. April 1, 2014
- Ordinary Resolution for appointment of Mr. D S Rawat as Managing Director and Chief Executive Officer of the Company w.e.f. April 1, 2014

Details of Voting Pattern

After scrutinising all the ballot forms received and e-voting, the scrutiniser reported as under:

Details of Agenda	Date of passing the resolution	Number of valid votes	Number of Votes - in Favour (%)	Number of Votes – Against (%)
Special Resolution for appointment of Mr. Akhil Gupta as Executive Chairman	March 21, 2014	163,91,34,811	163,91,32,091 99.99983%	2,720 0.00017%
Ordinary Resolution for appointment of Mr. D S Rawat as Managing Director and Chief Executive Officer	March 21, 2014	163,91,11,717	163,91,08,832 99.99982%	2,885 0.00018%

Persons conducting the postal ballot exercise

Mr. Akhil Gupta, Managing Director (Chairman w.e.f. April 1, 2014) and Mr. Anupam Garg, Company Secretary were appointed as the persons responsible for postal ballot/ e-voting process. Mr. Ranjeet Pandey of M/s Ranjeet Pandey & Associates, Company Secretaries, New Delhi was appointed as the scrutiniser for postal ballot/ e-voting process. Mr. Ranjeet Pandey conducted the postal ballot/e-voting and submitted his report to the Company.

Procedure followed for postal ballot/e-voting

I. The Company issued the postal ballot notice/e-voting dated January 23, 2014 containing draft resolutions, together with the explanatory statements and the postal ballot forms and self–addressed envelopes to the members whose names appears in the register of members as on Friday, January 31, 2014 and others concerned.

II. Members were advised to carefully read the instructions printed on the postal ballot form before casting their vote and return the duly completed form in the attached self-addressed business reply envelope so as to reach the scrutiniser on or before the close of business hours on Tuesday, March 18, 2014. Members voting through electronic mode were requested to follow the instructions for e-voting. Members could log in and vote till the end of the voting period i.e. Tuesday, March 18, 2014.

III. After due scrutiny of all the postal ballot forms/e-voting received upto the close of working hours on Tuesday, March 18, 2014, the scrutiniser submitted his final report on Thursday, March 20, 2014.

IV. The results of the postal ballot/e-voting were declared on Friday, March 21, 2014. The date of declaration of results of the postal ballot/e-voting was taken as the date of passing the resolution(s).

The results of the postal ballot/e-voting were published in the newspapers within 48 hours of the declaration of the results and were also placed at the website of the Company at www.bharti-infratel.com.

DISCLOSURES

Related Party Transactions

A statement in the summary form of transactions with related parties is placed periodically before the Audit Committee as well as the Board on a quarterly basis.

There are no material individual transactions with related parties, which are not in the normal course of business, and material individual transactions with related parties or others which are not on an arm's length basis.

The Company's major related party transactions are generally with its holding company, subsidiary and joint venture.

Details of related party transactions have been disclosed in the Notes forming part of the financial statements.

Accounting Treatment in Preparation of Financial Statements

The guidelines/accounting standards laid down by the Institute of Chartered Accountants of India (ICAI) and notified by the Companies (Accounting Standards) Rules, 2006 have been followed in preparation of the financial statements of the Company.

Compliances by the Company

The Company has complied with all the requirements of the Stock Exchanges as well as the regulations and guidelines prescribed by the Securities and Exchange Board of India (SEBI). There were no penalties or strictures imposed on the Company by the Stock Exchanges or SEBI or any statutory authority on any matter related to capital markets during the last three years.

Insider Trading

In compliance with the SEBI regulation on prevention of insider trading, the Company has instituted an insider trading policy for its Directors, management and other officers, who may reasonably have access to the Company's price sensitive information. The Policy lays down procedures to be followed and disclosures to be made, while dealing with the shares of the Company and cautioning them on the consequences of non-compliances.

Whistle blower Policy

The Company has a Code of Conduct that includes an independent vigil mechanism that also provides protection to the whistle blowers. The Code is governed by the office of the Ombudsperson. Any employee or external stakeholder of the Company can raise concerns about improper practices that are in the breach of the Company's Code of Conduct.

The Office aims to provide a fair and equitable mechanism to redress grievances. The process is designed to offer protection to the complainant, provided the disclosure is made in good faith and is genuine in nature. The Ombudsperson treats all disclosures in a confidential and sensitive manner.

Prevention of Sexual Harassment

Bharti Infratel is strongly committed towards creating a workplace that is free from any form of harassment and discrimination. The Company has a 'zero-tolerance' approach towards any act of sexual harassment.

In addition, as per the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, an Internal Complaints Committee (ICC) has been constituted. The Committee is headed by a senior-level woman employee, one member from the legal team, one member from an external NGO and one member from the Ombudsperson's office who will investigate all complaints as per the process required under law and the Company policy. The list of ICC members has been communicated to all employees, including our associates. The list has also been prominently displayed across all offices in publicly accessible areas.

Status of Unclaimed/Unpaid Dividend Amount

Your Company declared final dividend @ 3.00 per equity shares in its seventh Annual General Meeting held on July 3, 2013. An amount of ₹ 206,172/- has remained unclaimed and unpaid as on March 31, 2014. The shareholders who have not claimed their dividend are requested to contact the Company or its Share Transfer Agent.

Status of Unclaimed/Unpaid IPO refund amount

As on March 31, 2014 your Company has ₹ 656,500/- lying as unclaimed in the IPO refund account with HDFC Bank Limited, details of which are available on www.bharti-infratel.com under Investor Relations section.The applicants of the IPO, who have not claimed their refund amount are requested to contact the Company or its Share Transfer Agent.

Plant Location

Being a service provider company, Bharti Infratel has no plant. However, the Company's Circle Office addresses are provided at the end of the Annual Report on page156.

Disclosure pursuant to Clause 5A of Listing Agreement

As required under Clause 5A of the Listing Agreement, the details in respect of the shares lying in the demat account 'Bharti Infratel Limited Unclaimed Suspense Account' till March 31, 2014 are as under:

S. No.	Description	No. of cases	No. of shares
(i)	Aggregate number of shareholders and the outstanding shares in unclaimed suspense account at the beginning of the year	01	50
(ii)	Number of shareholders who approached for transfer of shares from suspense account during the year 2013-14	Nil	Nil
(iii)	Number of shareholders to whom shares were transferred from suspense account during the year 2013-14	Nil	Nil
(iv)	Aggregate number of shareholders and the outstanding shares in the suspense account lying as on March 31, 2014	01	50

Voting rights in respect of the aforesaid shares will remain frozen till the time such shares are claimed by the concerned shareholders.

Compliances with Mandatory Requirements of Clause 49 of the Listing Agreement

The Company has complied with all the mandatory requirements of the Code of Corporate Governance as stipulated under the Listing Agreement. It has obtained a certificate affirming the compliances from M/s. S. R. Batliboi & Co. LLP, Chartered Accountants, the Company's Statutory Auditors and the same is attached to the Directors' Report on page 39 of this report.

Details of Compliances with Non-mandatory Requirements of Listing Agreement

1. **The Board**

Non-Executive Chairman's Office

Mr. Rakesh Bharti Mittal, Non-Executive Non-Independent Director, was Chairman of the Company till March 31, 2014. Effective from April 1, 2014, Mr. Akhil Gupta, an Executive Director, has been appointed as the Chairman of the Company.

Tenure of the Independent Directors

As per the policy with respect to Independent Directors effective April 1, 2014, the term of appointment of the Independent Directors shall be a maximum of two terms of upto five consecutive years each.

Qualification of the Independent Directors

All the Independent Directors of the Company have the requisite qualifications and experience which enable them to contribute effectively to the Company.

2. **Remuneration Committee**

The Company has a HR, Nomination and Remuneration Committee which also undertakes the functions of the Remuneration Committee. The composition and other details of the same have been given in the preceding pages of this report under the 'Committees of the Board' section.

3. **Shareholders' Rights**

The Company has a policy of announcement of the audited quarterly results. The results are approved by the Board of Directors (or Committees thereof) and are first submitted to the Stock Exchanges within 15 minutes of the approval of the results. Once taken on record by the Stock Exchanges, the same is disseminated in the media by way of press release. The quarterly financial statements are published in newspapers and uploaded on the Company's website www.bharti-infratel.com.

4. **Audit Qualifications**

During the previous financial year, none of the Auditors' Reports were qualified.

5. **Training of Board members**

In the course of Board/Audit Committee meetings, the Directors are provided information on the business model and so on.

6. **Mechanism for evaluating Non-Executive Board members**

The Company has not adopted any mechanism for evaluation of individual performance of Non-Executive Directors.

7. **Whistle blower Policy**

The Company has a Whistle blower Policy. A note has been given on page 60 of this report.

Means of Communication

The financial results are published in the leading dailies like 'Mint' (English Daily all editions) and 'Hindustan' (vernacular newspaper) and are also posted on the Company's website for the information of shareholders/investors. We organise an earnings call with analysts and investors on the day of announcement of the results and the transcripts of the same are uploaded on the website thereafter.

Up-to-date financial results, annual reports, shareholding patterns, official news releases, financial analysis reports and other general information about the Company are available on the Company's website www.bharti-infratel.com.

Since the time of listing of the shares, we have adopted a practice of releasing a quarterly report, which contains financial and operating highlights, key industry and Company developments, results of operations, stock market highlights and so on. The quarterly reports are posted on the Company's website and are also submitted to the Stock Exchanges where the shares of the Company are listed.

General Shareholders Information

ANNUAL GENERAL MEETING

The Eighth Annual General Meeting of the Company is scheduled to be held as under:

Date :	August 4, 2014
Day :	Monday
Time:	10:30 a.m.
Venue:	Sri Sathya Sai International Centre, Pragati Vihar, New Delhi - 110003

FINANCIAL YEAR : April 1 - March 31

Financial Calender (Tentative schedule, subject to change)

Period to which results pertains	Financial Result announced on
Quarter ended on June 30, 2014	Fourth week of July, 2014
Quarter ended on September 30, 2014	Fourth week of October, 2014
Quarter ended on December 31, 2014	First week of February, 2015
Quarter ended on March 31, 2015	Fourth week of April, 2015

DATE OF BOOK CLOSURE : Saturday, July 26, 2014 to Monday, August 4, 2014 (both days inclusive).

DIVIDEND PAYMENT DATE

The Board has recommended a dividend @ ₹ 4.40 per Equity Share of ₹ 10/- each fully paid up for the financial year 2013-14, which shall be paid on or after August 4, 2014 (within the statutory time limit of 30 days i.e. upto September 2, 2014), subject to approval by shareholders.

LISTING ON STOCK EXCHANGES

As on March 31, 2014, the securities of the Company are listed on the following Stock Exchanges.

Name of the Stock Exchange	Address	Scrip Code
Bombay Stock Exchange (BSE)	Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai-400 001	534816
National Stock Exchange (NSE)	Exchange Plaza, Plot No. C/1, G-Block, Bandra Kurla Complex, Bandra (East), Mumbai-400 051	INFRATEL

Listing fee for the Financial Year 2014-15 has been duly paid to the respective Stock Exchanges.

STOCK MARKET DATA

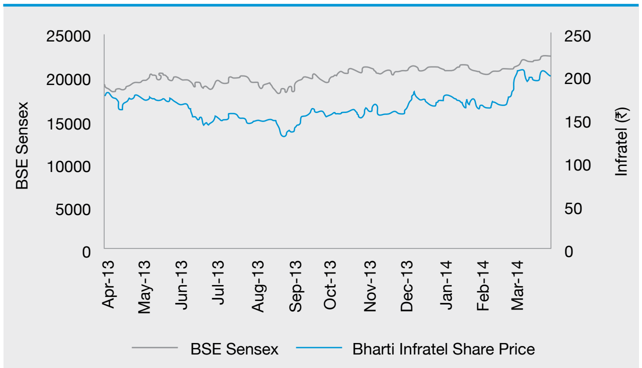
The monthly high & low during each month, in the last financial year, is as below:

	NSE		BSE	
Month	High (in ₹)	Low (in ₹)	High (in ₹)	Low (in ₹)
Apr-13	186.00	159.25	190.00	160.15
May-13	179.25	166.00	179.90	167.00
Jun-13	172.55	139.40	172.20	140.00
Jul-13	161.50	126.30	160.00	142.00
Aug-13	153.85	126.50	151.00	126.05
Sep-13	170.15	134.05	170.00	134.00
Oct-13	169.00	150.25	166.80	149.00
Nov-13	172.00	151.30	171.50	152.20
Dec-13	189.90	157.00	190.00	155.55
Jan-14	180.00	161.60	180.00	164.10
Feb-14	181.80	162.35	181.50	161.10
Mar-14	215.00	177.20	214.70	179.00

Source: www.nseindia.com, www.bseindia.com

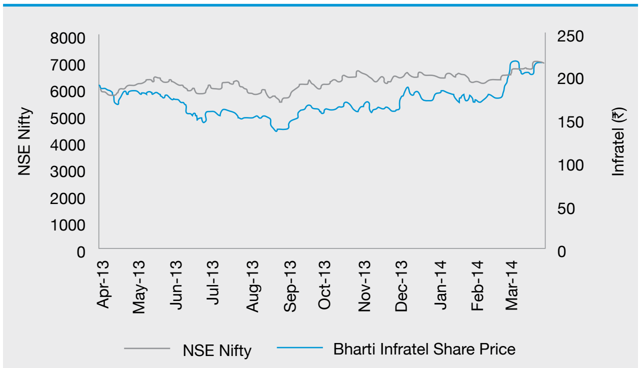
Performance in comparison to broad-based indices such as BSE Sensex, and NSE NIFTY is as under

Bharti Infratel Share Price Vs BSE Sensex



Source: www.bseindia.com

Bharti Infratel Share Price Vs NSE Nifty



Source: www.nseindia.com

Registrar and Transfer Agents (RTA)

All the work related to the share registry, both in physical and electronic form, is handled by the Company's Registrar & Transfer Agents at the following address:

Karvy Computershare Private Limited

(Unit: Bharti Infratel Limited)

Plot No. 17-24, Vittal Rao Nagar,

Madhapur, Hyderabad 500 081

Ph No.: 040 23420815-821

Fax No.: 040 23420814

Email: einward.ris@karvy.com

Website: www.karvy.com

Toll Free No. 1-800-3454001

Share Transfer System

Approximately 100% of the equity shares of the Company are held in electronic format. These shares can be transferred through the depositories without any involvement of the Company.

Transfer of shares in physical form is processed within 15 days from the date of receipt, provided the documents are complete in all respect. All transfers are first processed by the Transfer Agent and submitted thereafter to the Company for approval. However, the Transfer Agent has been authorised to transfer minor shareholding up to 50 shares without the Company's involvement.

Pursuant to Clause 47(C) of the Listing Agreements, we obtain certificates from a practicing Company Secretary on a half-yearly basis to the effect that all the transfers are completed in the statutory stipulated period. A copy of the certificates so received is submitted to both Stock Exchanges, where the shares of the Company are listed.

Distribution Of Shareholding

By number of shares held as on March 31, 2014

S. No.	Category (by no. of shares)	No. of shareholders	% to holders	No. of shares	% of shares
1	1-5000	34,242	99.38	5,153,493	0.27
2	5001-10000	22	0.06	168,160	0.01
3	10001-20000	27	0.08	404,781	0.02
4	20001-30000	11	0.03	264,570	0.01
5	30001-40000	6	0.02	210,148	0.01
6	40001-50000	8	0.02	360,806	0.02
7	50001-100000	15	0.04	1,046,937	0.06
8	100001 and above	127	0.37	1,881,692,218	99.60
	Total	**34,458**	**100.00**	**1,889,301,113**	**100.00**

By category of holders as on March 31, 2014

S. No.		Category	No. of shares	% of holding
I		Promoter and Promoter Group		
	(i)	Indian Promoters	1,500,000,000	79.39
	(ii)	Foreign Promoters	Nil	Nil
		Total Promoters shareholding	**1,500,000,000**	**79.39**
II		Public Shareholding		
	(A)	Institutions		
	(i)	Mutual Funds	4,016,712	0.21
	(ii)	Financial Institutions/Banks	9,631,709	0.51
	(iii)	Foreign Institutional Investors	204,739,195	10.84
	(iv)	Investment Fund	8,801,595	0.47
	(v)	Private Equity	18,027,840	0.95
	(B)	Non-Institutions		
	(i)	Bodies Corporate	135,936,324	7.20
	(ii)	Individuals	5,475,203	0.29
	(iii)	Non-resident Indians	153,798	0.01
	(iv)	Clearing Members	2,518,737	0.13
		Total Public Shareholding	**389,301,113**	**20.61**
		Total Shareholding	**1,889,301,113**	**100.00**

Dematerlisation of shares and liquidity

The shares of the Company are compulsorily traded in dematerialised form and are available for trading with both the depositories i.e. National Securities Depositories Limited (NSDL) and Central Depository Services (India) Limited (CDSL). The shareholders can hold shares with any of the depository participants registered with these depositories. As on March 31, 2014, 1,889,300,575 equity shares are in demat form with the Depositories. ISIN for the Company's shares is INE121J01017.

Communication Address

For Corporate Governance and Other Secretarial Related Matters

Anupam Garg

Company Secretary and Compliance Officer

Bharti Crescent, 1, Nelson Mandela Road, Vasant Kunj, Phase-II, New Delhi -110070

Telephone No: 011-46666100

Fax No.: 011-41666137

Email: compliance.officer@bharti-infratel.in

Website: www.bharti-infratel.com

For Investor Relations Matters

Harjeet Kohli

Head – Group Investor Relations

Bharti Crescent, 1, Nelson Mandela Road, Vasant Kunj, Phase-II, New Delhi -110070

Telephone No: 011-46666100

Fax No.: 011-41666137

Email: ir@bharti-infratel.in

For Corporate Communications and Related Matters

Raza Khan

Head – Group Corporate Communications

Bharti Crescent, 1, Nelson Mandela Road, Vasant Kunj, Phase-II, New Delhi -110070

Telephone No: 011-46666100

Fax No.: 011-41666137

Email: corporate.communication@bharti.in

ANNEXURE A

DECLARATION

I hereby confirm that the Company has obtained from all the members of the Board and Senior Management team, affirmation of compliance with the Code of Conduct for Directors and Senior Management in respect of financial year ended March 31, 2014.

For **Bharti Infratel Limited**

D S Rawat
Managing Director & CEO

Place: New Delhi
Date: April 24, 2014

ANNEXURE B

CERTIFICATION

We, D S Rawat, Managing Director & CEO and Pankaj Miglani - CFO of Bharti Infratel 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, 2014 and

(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 no transactions entered into by the Company during the year that 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 and operations 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 the internal control over financial reporting during the year;

(ii) significant changes in the accounting policies during the year and that the same has 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.

D S Rawat
Managing Director & CEO

Pankaj Miglani
Chief Financial Officer

Place: New Delhi
Date: April 24, 2014

Secretarial Audit Report

To,

The Board of Directors
Bharti Infratel Limited
Bharti Crescent,
1, Nelson Mandela Road
Vasant Kunj, Phase II,
New Delhi – 110070

We have examined the registers, records and documents of Bharti Infratel Limited (the Company) for the financial year ended March 31, 2014 in the light of the provisions contained in-

- The Companies Act, 1956 and the Rules made thereunder;
- The Depositories Act, 1996 and the Regulation made thereunder;
- The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
- The Securities and Exchange Board of India (Prohibition of Insider Trading Regulations), 1992 and
- The Listing Agreement entered into by the Company with the Stock Exchanges having nation-wide trading terminals.

A. Based on our examination and verification of the records made available to us and according to the clarifications and explanations given to us by the Company, we report that the Company has, in our opinion, complied with the applicable provisions of the Companies Act, 1956 and the rules made thereunder and of the various Acts and the Rules, Regulations and Guidelines made thereunder, Listing Agreement as mentioned above and of the Memorandum and Articles of Association of the Company, with regard to:

1. Maintenance of various statutory and non-statutory registers and documents and making necessary changes therein as and when the occasion demands.
2. Filing with the Registrar of Companies the Forms, returns and resolutions.
3. Service of the requisite documents by the Company on its members, Registrar and Stock Exchanges.
4. Composition of the Board, appointment, retirement and resignation of Directors.
5. Remuneration of Executive and Non-Executive Directors.
6. Service of notice and agenda of Board Meetings and Meetings of the Committee of Directors.
7. Meeting of the Board and its committees.
8. Holding Annual General Meeting and production of the various registers thereat.
9. Recording the minutes of proceedings of board meetings, committee meetings and general meetings.
10. Appointment and remuneration of Auditors.
11. The Company has declared dividend and paid to the eligible shareholders in compliance with the provisions of Section 205 of the Act during the year.
12. Registration of transfer of shares held in physical mode.
13. Dematerialisation and Rematerialisation of shares.
14. Execution of contracts, affixation of common seal, registered office and the name of the Company.
15. Requirement of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations 2011.
16. Requirement of the Securities and Exchange Board of India (Prohibition of Insider Trading Regulations) 1992.
17. Requirement set out in the Listing Agreements with the Stock Exchange having nation-wide trading terminals.

B. We further report that-

the Company has complied with various requirements relating to disclosures, declarations made by the Directors with respect to directorships, memberships of committees of the Board of companies of which they are Directors, their shareholding and interest of concern in the contracts entered into by the Company in the pursuing its normal business.

For **Chandrasekaran Associates**
Company Secretaries

Dr. S Chandrasekaran
Senior Partner
FCS: 1644
CP : 715

Place: New Delhi
Date: April 18, 2014

Consolidated Financial Statements with Auditors' Report

INDEPENDENT AUDITOR'S REPORT

To

The Board of Directors of Bharti Infratel Limited

We have audited the accompanying consolidated financial statements of Bharti Infratel Limited ("the Company"), its subsidiaries and joint venture, collectively ("the Group"), which comprise the consolidated Balance Sheet as at March 31, 2014, and the consolidated Statement of Profit and Loss and the consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Company in accordance with accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated 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 consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and presentation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

(a) in the case of the consolidated Balance Sheet, of the state of affairs of the Company as at March 31, 2014;

(b) in the case of the consolidated Statement of Profit and Loss, of the profit for the year ended on that date; and

(c) in the case of the consolidated Cash Flow Statement, of the cash flows for the year ended on that date.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 44 of these consolidated financial statements, regarding the recognition of general reserve and the consequent utilization, on application of Scheme of Arrangement by Indus Towers Limited.

Other Matter

We did not audit the total assets of ₹ 123,402 million as at March 31, 2014, total revenues of ₹ 59,840 million and cash inflows (net) amounting to ₹ 588 million for the year then ended, included in the accompanying consolidated financial statements in respect of Indus Towers Limited, a joint venture, whose financial statements and other financial information have been audited by other auditors and whose report has been furnished to us. Our opinion, in so far as it relates to the affairs of such joint venture, is based solely on the report of such other auditors. Our opinion is not qualified in this matter.

For S. R. Batliboi & Co. LLP
Chartered Accountants
Firm Registration No.: 301003E

per **Yogender Seth**
Partner
Membership No: 94524

Place : New Delhi
Date : April 24, 2014

Consolidated Balance Sheet as at March 31, 2014

(₹ Millions)

Particulars	Notes	As at March 31, 2014	As at March 31, 2013
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	3	18,893	18,887
Reserves and surplus	4	1,61,489	1,53,038
		1,80,382	1,71,925
Non-current liabilities			
Long-term borrowings	5	25,844	32,296
Deferred tax liabilities (net)	6	11,249	7,610
Other long-term liabilities	7	15,994	15,570
Long-term provisions	8	10,736	8,806
		63,823	64,282
Current liabilities			
Short-term borrowings	9	992	-
Trade payables	10	1,894	7,106
Other current liabilities	11	29,428	26,520
Short-term provisions	12	9,837	7,097
		42,151	40,723
Total equity and liabilities		**2,86,356**	**2,76,930**
ASSETS			
Non-current assets			
Fixed assets	13		
Tangible assets		1,53,039	1,63,047
Intangible assets		166	192
Capital work-in-progress		1,527	1,723
Non-current investments	14	36,343	-
Long-term loans and advances	15	14,016	11,129
Other non-current assets	16	25,301	14,734
		2,30,392	1,90,825
Current assets			
Current investments	17	38,460	38,911
Trade receivables	18	3,075	8,554
Cash and bank balances	19	1,655	1,267
Short-term loans and advances	20	5,082	30,078
Other current assets	21	7,692	7,295
		55,964	86,105
Total assets		**2,86,356**	**2,76,930**

Summary of significant accounting policies 2.1

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

As per our report of even date

For S. R. Batliboi & Co. LLP
Firm Registration No.: 301003E
Chartered Accountants

per **Yogender Seth**
Partner
Membership No: 94524

Place : New Delhi
Date : April 24, 2014

For and on behalf of the board

Akhil Gupta
Chairman

D S Rawat
Managing Director & CEO

Anupam Garg
Company Secretary

Pankaj Miglani
Chief Financial Officer

Consolidated Statement of Profit and Loss for the year ended March 31, 2014

(₹ Millions, except per share data)

Particulars	Notes	Year ended March 31, 2014	Year ended March 31, 2013
INCOME			
Revenue from operations	22	1,08,267	1,02,720
Other income (refer note 46)	23	4,487	3,379
		1,12,754	1,06,099
EXPENSES			
Power and fuel	24	40,620	38,016
Rent	25	8,886	10,876
Employee benefits expenses	26	3,670	3,341
Other expenses	27	10,973	12,385
		64,149	64,618
Earnings before interest, tax, depreciation and amortization and charity and donation		**48,605**	**41,481**
Depreciation and amortization expense	28	25,186	24,402
Less: adjusted with general reserve in accordance with the Scheme (refer note 42 and 44)		(3,927)	(2,203)
		21,259	22,199
Finance costs	29	3,997	3,945
Charity and donation	47	117	52
		25,373	26,196
Profit before exceptional items and tax		23,232	15,285
Exceptional items (refer note 43)		-	(22)
Profit before tax		**23,232**	**15,307**
Tax expenses			
Current tax	6	7,009	4,778
Less: MAT credit entitlement		-	(75)
Deferred tax	6	1,044	579
Total tax expense		8,053	5,282
Profit for the year		**15,179**	**10,025**
Earnings per equity share (nominal value of share ₹ 10 each)	30		
Basic		8.036	5.625
Diluted		8.018	5.612

Summary of significant accounting policies 2.1

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

As per our report of even date

For S. R. Batliboi & Co. LLP
Firm Registration No.: 301003E
Chartered Accountants

per **Yogender Seth**
Partner
Membership No: 94524

Place : New Delhi
Date : April 24, 2014

For and on behalf of the board

Akhil Gupta
Chairman

D S Rawat
Managing Director & CEO

Anupam Garg
Company Secretary

Pankaj Miglani
Chief Financial Officer

Consolidated Cash Flow Statement for the year ended March 31, 2014

(₹ Millions)

Particulars	Year ended March 31,2014	Year ended March 31,2013
Cash flows from operating activities		
Profit before tax	23,232	15,307
Adjustments for -		
Depreciation and amortization expense	21,259	22,199
Interest income	(1,068)	(2,015)
Dividend income	(896)	(132)
Interest expense	3,864	3,717
Amortization of loan origination fee	35	218
Net loss/ (gain) on sale of current investments	(32)	(753)
Employee stock compensation expense	77	103
Revenue equalization	(2,686)	(2,590)
Rent equalization	307	468
Provision for doubtful debts and advances	(31)	341
Provision for capital work in progress	58	58
Fixed assets written off	24	85
Loss/ (profit) on sale of fixed assets (net)	(1,434)	(235)
Operating profit before changes in assets and liabilities	**42,709**	**36,771**
Increase / (Decrease) in trade payables	(873)	2,959
Increase / (Decrease) in other current liabilities	712	3,625
Increase / (Decrease) in short-term provisions	17	(2)
Increase / (Decrease) in other long-term liabilities	(2,700)	(3,408)
Increase / (Decrease) in long-term provisions	38	26
(Increase) / Decrease in trade receivables	677	(1,875)
(Increase) / Decrease in short-term loans and advances	2,466	4,680
(Increase) / Decrease in other current assets	2	(2,236)
(Increase) / Decrease in long-term loans and advances	1,866	(250)
(Increase) / Decrease in other non-current assets	(1,045)	(56)
Cash generated from operations	**43,869**	**40,234**
Income tax paid (net of refunds)	(4,345)	(3,722)
Net cash flow from operating activities (A)	**39,524**	**36,512**
Cash flows from investing activities		
Purchase of tangible assets	(15,742)	(16,784)
Purchase of intangible assets	(71)	(47)
Proceeds from sale of fixed assets	2,424	658
Loan repaid by joint venture company	790	-
Loan given to parent company	-	(13,500)
Loan repaid by parent company	22,990	3,670
Purchase of investments	(1,41,096)	(1,65,196)
Proceeds from sale of investments	1,05,119	1,30,401
Interest received	1,213	1,975
Dividend received	896	132
Net cash flow (used in) investing activities (B)	**(23,477)**	**(58,691)**
Cash flows from financing activities		
Proceeds from issue of shares	-	32,303

(₹ Millions)

Particulars	Year ended March 31,2014	Year ended March 31,2013
Share issue expenses paid	-	(771)
Proceeds from exercise of stock options	57	11
Repayment of borrowings	(8,433)	(41,985)
Proceeds from borrowings	4,200	42,210
Interest paid	(3,805)	(3,715)
Loan origination fee paid	(21)	(101)
Dividend paid	(5,666)	(4,357)
Tax on dividend paid	(1,337)	(1,364)
Net cash flow from/ (used in) financing activities (C)	**(15,005)**	**22,231**
Net increase in cash and cash equivalents during the year (A+B+C)	1,042	52
Cash and cash equivalents at the beginning of the year	520	468
Cash and cash equivalents acquired on merger	78	-
Cash and cash equivalents at the end of the year (refer note 19)	**1,640**	**520**
Components of cash and bank balances		
Cash and cash equivalents		
Balance with scheduled banks:		
Current account	272	98
Cheques in hand	27	27
Fixed deposits with maturity less than three months	1,341	395
Total cash and cash equivalents	**1,640**	**520**
Other bank balances		
Deposit more than three months but less than twelve months	15	14
Earmarked balances with banks	-	733
Total cash and bank balances	**1,655**	**1,267**

Summary of significant accounting policies 2.1

The accompanying notes are an integral part of the consolidated financial statements.

Notes:

1. The above consolidated cash flow statement has been prepared under the indirect method set out in AS-3 'Cash Flow Statements' notified pursuant to the Companies (Accounting Standards) Rules, 2006 (as amended).
2. Figures in brackets indicate cash outflow.
3. Also, refer note 44(A)(6).

As per our report of even date

For S. R. Batliboi & Co. LLP
Firm Registration No.: 301003E
Chartered Accountants

per **Yogender Seth**
Partner
Membership No: 94524

Place : New Delhi
Date : April 24, 2014

For and on behalf of the board

Akhil Gupta
Chairman

D S Rawat
Managing Director & CEO

Anupam Garg
Company Secretary

Pankaj Miglani
Chief Financial Officer

Notes to the Consolidated Financial Statements

1. CORPORATE INFORMATION

Bharti Infratel Limited ('the Company' or 'BIL') incorporated on November 30, 2006 with the object of, inter-alia, setting up, operating and maintaining wireless communication towers. The Company received the certificate of commencement of business on April 10, 2007 from the Registrar of Companies. The Registered office of the Company is situated at Bharti Crescent, 1, Nelson Mandela Road, Vasant Kunj, Phase – II, New Delhi – 110070.

The Company has entered into a joint venture agreement with Vodafone India Limited and Aditya Birla Telecom Limited to provide passive infrastructure services in 15 telecom circles of India and formed Indus Towers Limited for such purpose. The Company and Vodafone India Limited are holding approximately 42% each in Indus Towers Limited and the balance 16% is held by Aditya Birla Telecom Limited. Indus Towers Limited is incorporated in India. Bharti Infratel Limited is publically traded on the National Stock Exchange and Bombay Stock Exchange India.

The wholly owned subsidiary company, Bharti Infratel Services Limited, has been incorporated on June 4, 2013 with the object of providing operation and management services of all kinds in the field of telecom infrastructure (both active and passive), telecom equipments, wireless communication towers either on its own or in alliance with any other Person/Body/Bodies Corporate incorporated in India or abroad.

The Company together with its wholly owned subsidiary and joint venture is hereinafter referred to as 'the Group'. The Group is a leading telecom passive infrastructure service provider in India.

2. BASIS OF PREPARATION

These consolidated financial statements have been prepared under the historical cost convention on the accrual basis of accounting and reporting requirements of Accounting Standard ('AS-21') 'Consolidated Financial Statements' and ('AS-27') 'Financial Reporting of Interest in Joint Venture' notified under Companies (Accounting Standards) Rules, 2006, ('as amended') and relevant provisions of the Companies Act, 1956, read with General Circular 8/2014 dated April 4, 2014 issued by the Ministry of Corporate Affairs. The accounting policies as presented in paragraph 2.1 below have been consistently applied by the Group and are consistent with those used in the previous year.

These financial statements represent consolidated accounts of the Company and its subsidiary and joint venture as follows:

Entity	Country of Incorporation	Principal Service	Relationship	Shareholding as at 31 Mar 2014	Shareholding as at 31 Mar 2013
Indus Towers Limited	India	Passive Infrastructure Services	Joint Venture	42%	42%
Bharti Infratel Ventures Limited*	India	Passive Infrastructure Services	Subsidiary	0%	100%
Bharti Infratel Services Limited	India	Active and Passive Infrastructure Services	Subsidiary	100%	0%

*refer note 44

The Group's interests in jointly controlled entities are accounted for by proportionate consolidation. The Group combines its share of the joint ventures' individual income, expenses, assets and liabilities on a line-by-line basis with similar items as well as disclosures in the Group's financial statements.

Inter-company balances have been eliminated on consolidation for Subsidiary. Elimination of transaction between joint venture and the Company is done to the extent of proportionate share. The consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances.

Notes to the Consolidated Financial Statements

2.1 Summary of significant accounting policies

a. Use of estimates

The preparation of consolidated financial statements is in conformity with generally accepted accounting principles in India (Indian GAAP) and requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the consolidated financial statements and the results of operations during the reporting period. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

b. Tangible fixed assets

Fixed assets are stated at cost of acquisition, except for assets acquired under the Scheme of Arrangement from Bharti Airtel Limited (refer note 42 and 44), which are stated at fair values as per the Scheme, net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises cost of acquisition, including taxes and duties (net of CENVAT credit), freight and other incidental expenses related to acquisition and installation.

Site restoration cost obligations are capitalized when it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made.

Subsequent expenditure related to an item of fixed asset is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance. All other expenses on existing fixed assets, including day-to-day repair and maintenance expenditure are charged to the statement of profit and loss for the year during which such expenses are incurred.

Gains or losses arising from de-recognition of fixed assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized.

c. Depreciation on tangible fixed assets

Depreciation on fixed assets is calculated on a straight-line basis using the rates arrived at based on the useful lives estimated by the management, or those prescribed under the Schedule XIV to the Companies Act, 1956, whichever is higher. The Group has used the following lives to provide depreciation on its fixed assets:

	Useful lives
Plant and machinery	3 to 20 years
Furniture and fixtures	5 years
Vehicles	5 years
Office equipments	2 years/ 5 years
Computers	3 years
Leasehold improvements	Period of lease or useful life, whichever is less

The site restoration cost obligation capitalized as a part of plant and machinery is depreciated over the year of the useful life of the related asset.

d. Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any. Software is capitalized at the amounts paid to acquire the respective license for use and is amortized over the period of licence, generally not exceeding three years.

Amortization is recognized in statement of profit and loss on a straight-line basis over the estimated useful economic lives of intangible assets from the date they are available for use. The amortization period and the amortization method are reviewed at each balance sheet date. If the expected useful life of the asset is significantly different from previous estimates, the amortization period is changed accordingly.

Gains or losses arising from de-recognition of intangible assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized.

Notes to the Consolidated Financial Statements

e. Leases

Where the Group is lessee

Finance leases, which effectively transfer to the Group substantially all the risks and benefits incidental to ownership of the leased asset, are capitalized at the inception of the lease term at the lower of the fair value of the leased asset and present value of minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized as finance costs in the statement of profit and loss.

A leased asset is depreciated on a straight-line basis over the useful life of the asset or the useful life envisaged in Schedule XIV to the Companies Act, 1956, whichever is lower. However, if there is no reasonable certainty that the Group will obtain the ownership by the end of the lease term, the capitalized asset is depreciated on a straight-line basis over the shorter of the estimated useful life of the asset, the lease term or the useful life envisaged in Schedule XIV to the Companies Act, 1956.

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item are classified as operating leases. Operating lease payments are recognized as an expense in the statement of profit and loss on a straight-line basis over the non-cancellable lease term.

Where the Group is lessor

Leases in which the Group does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Assets subject to operating leases are included in fixed assets. Lease income on an operating lease is recognized in the statement of profit and loss on a straight-line basis over the non cancellable lease term. Costs, including depreciation, are recognized as an expense in the statement of profit and loss.

f. Borrowing costs

Borrowing costs include interest, amortization of ancillary costs incurred in connection with the arrangement of borrowings and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost.

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur.

g. Impairment of tangible and intangible assets

The carrying amounts of assets are reviewed at each balance sheet date for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the assets' carrying amount exceeds its recoverable amount. The recoverable amount is the higher of the assets' fair value less costs to sell and value in use. Impairment losses are recognized in the statement of profit and loss under the caption depreciation and amortization expense.

For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units).

h. Investments

Investments, which are readily realizable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as non-current investments.

Current investments are carried in the consolidated financial statements at lower of cost and fair value determined on an individual investment basis. Non-current investments are carried at cost. However, provision for diminution in value is made to recognize a decline other than temporary in the value of the investments.

On disposal of an investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the statement of profit and loss.

i. Revenue recognition and receivables

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured.

Notes to the Consolidated Financial Statements

Revenues

Revenues include revenue from the use of sites and energy charges received from customers. Revenue is recognized as and when services are rendered. If the payment terms in the service agreements include fixed escalations, the effect of such increases is recognized on a straight-line basis over the fixed, non-cancellable term of the agreement, as applicable.

Unbilled receivables represent revenues recognized from the last invoice raised to customer to the period end. These are billed in subsequent periods based on the terms of agreement with the customers. The Group collects service tax on behalf of the Government of India and therefore, it is not an economic benefit flowing to the Group. Hence it is excluded from revenue.

Interest

Interest income is recognized on a time proportion basis taking into account the amount outstanding and the applicable interest rate. Interest income is included under the head “other income” in the statement of profit and loss.

Dividends

Dividend income is recognized when the Group’s right to receive dividend is established by the reporting date.

Provision for doubtful debts

The Group provides for amounts outstanding for more than 105 days from the invoice date in case of site sharing debtors other than from the parent company or in specific cases where management is of the view that the amounts for certain customers are not recoverable.

j. Foreign currency transactions and balances

Initial recognition

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

Conversion

Foreign currency monetary items are retranslated using the exchange rate prevailing at the reporting date. Non- monetary items, which are measured in terms of historical cost denominated in a foreign currency, are reported using the exchange rate at the date of the transaction. Non-monetary items, which are measured at fair value or other similar valuation denominated in a foreign currency, are translated using the exchange rate at the date when such value was determined.

Exchange differences

Exchange differences arising on settlement of monetary items or on restatement of the Group’s monetary items at rates different from those at which they were initially recorded during the period, or reported in previous consolidated financial statements, are taken to the statement of profit and loss.

k. Retirement and other employee benefits

Short term employee benefits are recognized in the period during which the services have been rendered.

All employees of the Group are entitled to receive benefits under the provident fund, which is a defined contribution plan. Contribution to provident fund is recognized as and when services are rendered. Both the employee and the employer make monthly contributions to the plan at a predetermined rate of the employees’ basic salary. These contributions are made to the fund administered and managed by the Government of India. In addition, some employees of the Group are covered under the employees’ state insurance schemes, which are also defined contribution schemes recognized and administered by the Government of India.

The Group’s contributions to both these schemes are expensed in the statement of profit and loss. The Group has no further obligations under these plans beyond its monthly contributions.

The Group provides for Gratuity obligations through a defined benefit retirement plan covering all employees. The cost of providing benefits under this plan is determined on the basis of actuarial valuation at each reporting period end. Actuarial valuation is carried out using the projected unit credit method. Actuarial gains and losses are recognized in full in the period in which they occur in the statement of profit and loss.

Notes to the Consolidated Financial Statements

The Group also provides other benefits in the form of deferred compensation and compensated absences. The employees of the Group are entitled to compensated absences based on the unavailed leave balance as well as other long term benefits. The Group records liability based on actuarial valuation computed under projected unit credit method. Actuarial gains / losses are immediately taken to the statement of profit and loss and are not deferred. The Group presents the entire leave encashment liability as a current liability in the balance sheet, since the Company does not have an unconditional right to defer its settlement for more than 12 months after the reporting date.

l. Income taxes

Tax expense comprises current and deferred tax.

Current income-tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act, 1961 enacted in India and tax laws prevailing in the respective tax jurisdiction where the Group operates. The tax rates and tax laws used to compute the amount are those that are enacted at the reporting date. Current income tax relating to items recognized directly in equity is recognized in equity and not in the statement of profit and loss.

Deferred income taxes reflect the impact of timing differences between taxable income and accounting income originating during the current year and reversal of timing differences for the earlier years. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted at the reporting date. Deferred income tax relating to items recognized directly in equity is recognized in equity and not in the statement of profit and loss.

Deferred tax liabilities are recognized for all taxable timing differences. Deferred tax assets are recognized for deductible timing differences only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. In situations where the Group has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that they can be realized against future taxable profits.

At each reporting date, the Group re-assesses unrecognized deferred tax assets. It recognizes unrecognized deferred tax asset to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realized.

The carrying amount of deferred tax assets are reviewed at each reporting date. The Group writes-down the carrying amount of deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realized. Any such write down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set-off current tax assets against current tax liabilities and the deferred tax assets and deferred tax liabilities relate to the same taxable entity and the same taxation authority.

Minimum alternate tax (MAT) paid in a year is charged to statement of the profit and loss as current tax. The Group recognizes MAT credit available as an asset only to the extent that there is convincing evidence that the Group will pay normal income tax during the specified period, i.e. the period for which MAT credit is allowed to be carried forward. In the year in which the Group recognizes MAT credit as an asset in accordance with the Guidance Note on Accounting for Credit Available in respect of Minimum Alternative Tax under the Income-tax Act, 1961, the said asset is created by way of credit to the statement of profit and loss and shown as “MAT Credit Entitlement”. The Group reviews the “MAT credit entitlement” asset at each reporting date and writes down the asset to the extent the Group does not have convincing evidence that it will pay normal tax during the specified period.

m. Employee stock compensation cost

Employees of the Group receive remuneration in the form of share based payment transactions, whereby employees render services as consideration for options to buy equity instruments (equity-settled transactions).

Notes to the Consolidated Financial Statements

In accordance with the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 the cost of equity-settled transactions is measured using the Black-Scholes / Lattice Valuation option pricing model and the fair value is recognized as an expense over the period in which the options vest, on a straight line basis, together with a corresponding increase in the "Stock options outstanding account" in reserves. The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of options to buy equity instruments that will ultimately vest. The expense or credit recognized in the statement of profit and loss for a period represents the movement in cumulative expense recognized as at the beginning and end of that period and is recognized in employee benefits expense.

Where the terms of an equity-settled transaction award are modified, the minimum expense recognized is the expense as if the terms had not been modified, if the original terms of the award are met. An additional expense is recognized for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification.

For cash-settled share-based payments, a liability is recognized for the services acquired, measured initially at the fair value of the liability. At the end of each reporting period until the liability is settled, and at the date of settlement, the fair value of the liability is re-measured, with any changes in fair value recognized in the consolidated statement of profit and loss for the year with a corresponding change in liabilities.

n. Earnings per share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

o. Provisions

A provision is recognized when the Group has a present obligation as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates.

p. Contingent liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Group does not recognize a contingent liability but discloses its existence in the consolidated financial statements.

q. Cash and cash equivalents

Cash and cash equivalents for the purposes of cash flow statement comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.

r. Measurement of EBITDA

As permitted by the Guidance Note on the Revised Schedule VI to the Companies Act, 1956, the Group has elected to present earnings before interest, tax, depreciation and amortization (EBITDA) as a separate line item on the face of the statement of profit and loss. In its measurement, the Company does not include depreciation and amortization expense, finance costs, charity and donation and tax expense.

Notes to the Consolidated Financial Statements

3. SHARE CAPITAL

(₹ Millions)

Particulars	As at March 31, 2014	As at March 31, 2013
Authorised shares		
3,500,000,000 (March 31, 2013 - 3,500,000,000) equity shares of ₹ 10 each	**35,000**	**35,000**
Issued, subscribed and fully paid-up shares		
1,889,301,113 equity shares of ₹ 10 each fully paid up (March 31, 2013 - 1,888,743,054 equity shares of ₹ 10 each)	18,893	18,887
	18,893	**18,887**

a. Reconciliation of the equity shares outstanding at the beginning and at the end of the reporting period:

Particulars	As at March 31, 2014		As at March 31, 2013	
	No.	₹ Millions	No.	₹ Millions
At the beginning of the year	1,888,743,054	18,887	580,802,910	5,808
Issued during the year - Bonus issue	-	-	1,161,605,820	11,616
Issued during the year - Initial public offer	-	-	146,234,112	1,462
Issued during the year - ESOP	558,059	6	100,212	1
Outstanding at the end of the year	**1,889,301,113**	**18,893**	**1,888,743,054**	**18,887**

During the year ended March 31, 2013, the Company made an Initial Public Offering (IPO) through book building process of 188,900,000 equity shares of ₹ 10 each in December 2012. The issue comprised of fresh issue of 146,234,112 equity shares and offer for sale of 42,665,888 equity shares by the existing shareholders. The Company has raised ₹ 32,303 Mn from fresh issue of shares and incurred share issue expenses of ₹ 771 Mn (net of tax - ₹ 527 Mn, which have been adjusted with securities premium account in line with requirements of section 78 of Companies Act, 1956). The Company's equity shares got listed on December 28, 2012 on Bombay Stock Exchange and National Stock Exchange.

b. Terms/ rights attached to equity shares:

The Company has only one class of equity shares having par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividend in Indian rupees.

On April 24, 2014, the Board of Directors have proposed a dividend of ₹ 4.40 per equity share (March 31, 2013 – interim dividend of ₹ 2.50 per equity share and final dividend of ₹ 3 per equity share) to all the existing shareholders for the year ended March 31, 2014. The dividend proposed by the Board of Directors is subject to approval by the shareholders in the ensuing general meeting.

Notes to the Consolidated Financial Statements

c. Shares held by holding company:

Particulars	As at March 31, 2014		As at March 31, 2013	
	No.	₹ Millions	No.	₹ Millions
Bharti Airtel Limited	1,500,000,000	15,000	1,500,000,000	15,000

d. Aggregate number of bonus shares issued and shares issued for consideration other than cash during the period of five years immediately preceding the reporting date:

During the year ended March 31, 2009, the Company allotted 540,445,950 equity shares as fully paid bonus shares by capitalization of securities premium account.

During the year ended March 31, 2013, the Company further allotted 1,161,605,820 equity shares as fully paid bonus shares by capitalization of securities premium account.

During the year ended March 31, 2014, the Company allotted 558,059 equity shares (2012-13 - 100,212 equity shares) of ₹ 10 each to its employees on exercise of stock options under the Employee Stock Option Plan 2008 wherein part consideration was received in form of employee services (refer note 32).

e. Details of shareholders holding more than 5% shares in the Company:

Particulars	As at March 31, 2014		As at March 31, 2013	
	No.	% holding	No.	% holding
Equity shares of ₹ 10 each fully paid Bharti Airtel Limited	1,500,000,000	79.39	1,500,000,000	79.42

f. Shares reserved for issue under options:

For details of shares reserved for issue under the employee stock option plan (ESOP) of the Group. For details refer note 32.

Notes to the Consolidated Financial Statements

4. RESERVES AND SURPLUS

(₹ Millions)

Particulars	Securities premium account	Employee stock options outstanding	General reserve	Capital reserve	Surplus/ (deficit) in the statement of profit and loss	Total
As at April 1, 2012	**47,585**	**1,601**	**72,588**	**-**	**17,891**	**1,39,665**
Profit for the year	-	-	-	-	10,025	10,025
Add: addition during the year [refer note 3(a)]	30,865	-	-	-	-	30,865
Less: utilization towards share issue expenses [refer note 3(a)]	(527)	-	-	-	-	(527)
Less: utilization during the year for bonus issue [refer note 3(d)]	(11,616)	-	-	-	-	(11,616)
Less: amount transferred to statement of profit and loss during the year in accordance with the Scheme (refer note 42)	-	-	(2,513)	-	-	(2,513)
Less: Appropriations						
Interim dividend on equity shares [amount ₹ 2.5 per share]	-	-	-	-	(4,357)	(4,357)
Tax on interim dividend on equity shares	-	-	-	-	(1,364)	(1,364)
Proposed final dividend on equity shares [amount ₹ 3 per share]	-	-	-	-	(5,666)	(5,666)
Tax on proposed final dividend on equity shares	-	-	-	-	(1,337)	(1,337)
Transfer to General reserve	-	-	3,248	-	(3,248)	-
Add: amount transferred from stock options outstanding	-	-	125	-	-	125
Add: gross compensation for options granted during the year	-	14	-	-	-	14
Less: gross compensation for options forfeited/ exercised during the year	-	(190)	-	-	-	(190)
	66,307	1,425	73,448	-	11,944	1,53,124
Less: deferred employee stock compensation	-	(86)	-	-	-	(86)
As at March 31, 2013	**66,307**	**1,339**	**73,448**	**-**	**11,944**	**1,53,038**
As at April 1, 2013	**66,307**	**1,425**	**73,448**	**-**	**11,944**	**1,53,124**
Profit for the year	-	-	-	-	15,179	15,179
Add: amount transferred from stock options outstanding	142	-	-	-	-	142
Less: amount transferred to statement of profit and loss during the year in accordance with the BAL Scheme (refer note 42)	-	-	(893)	-	-	(893)
Less: amount transferred to statement of profit and loss during the year in accordance with the Indus Scheme (refer note 44)	-	-	(3,190)	-	-	(3,190)
Less: Appropriations						
Proposed dividend on equity shares (amount ₹ 4.40 per share)*	-	-	-	-	(8,313)	(8,313)
Tax on proposed dividend on equity shares	-	-	-	-	(1,413)	(1,413)
Add/Less: amount arising under scheme of arrangement (refer note 44)	-	-	(889)	1,905	5,590	6,605
Add: gain on disposal of subsidiary as on April 1, 2009 (refer note 44)	-	-	-	-	385	385
Less: gross compensation for options forfeited/ exercised during the year	-	(113)	-	-	-	(113)
	66,449	1,312	68,476	1,905	23,372	1,61,513
Less: deferred employee stock compensation	-	(24)	-	-	-	(24)
As at March 31, 2014	**66,449**	**1,288**	**68,476**	**1,905**	**23,372**	**1,61,489**

*The Company, based on an independent legal opinion, has determined that the provisions of the Companies Act, 2013 apply to the proposed dividend for the year ended March 31, 2014, as it would be declared and paid after April 1, 2014. Accordingly, it has not transferred any amount to the general reserve for the proposed dividend.

Notes to the Consolidated Financial Statements

5. LONG-TERM BORROWINGS

(₹ Millions)

Particulars	As at March 31, 2014	As at March 31, 2013
Term Loan - secured*		
- from banks	14,091	14,200
- from others	11,753	18,096
	25,844	**32,296**

* In addition to the amount shown above, an amount ₹ 6,587 Mn (March 31, 2013 - ₹ 2,935 Mn) has been disclosed under 'other current liabilities' as it is repayable within one year.

The joint venture has entered into borrowing arrangements with several lenders under rupee term loan agreements. The security interest set out below ranks pari-passu amongst all secured lenders.

The terms and conditions of all the long term borrowings are similar and are as follows:

As at March 31, 2014	As at March 31, 2013
(a) a first charge by way of hypothecation of the JV Company's entire movable plant and machinery, including tower related equipment and spares, tools and accessories, furniture, fixtures, vehicles and all other movable assets, present and future;	(a) a mortgage and first charge of all the JV Company's freehold immovable properties and assets, both present and future;
(b) a charge on JV Company's cash flows, receivables, book debts, revenues of whatsoever nature and wherever arising, present and future subject only to prior charge in favour of working capital lenders with working capital facility limits not exceeding ₹ 10,000 Mn (amount in absolute figures) including funded facilities;	(b) a first charge by way of hypothecation of the JV Company's entire movable plant and machinery, including tower related equipment and spares, tools and accessories, furniture, fixtures, vehicles and all other movable assets, present and future;
(c) a first and exclusive charge over the amount in the Debt Service Account opened and maintained in accordance with the terms of this Agreement and the Debt Service Account Agreement;	(c) a charge on JV Company's cash flows, receivables, book debts, revenues of whatsoever nature and wherever arising, present and future subject only to prior charge in favour of working capital lenders with working capital facility limits not exceeding ₹ 10,000 Mn (amount in absolute figures) including funded facilities;
	(d) an assignment and first charge of all the rights, title, interest, benefits, claims and demands whatsoever of the JV Company in the IRU agreements, Master Service Agreements together with the service contracts, all as amended, varied or supplemented from time to time duly acknowledged and consented to by the relevant counter-parties to such Contracts, (if required) and Insurance Contracts, all as amended, varied or supplemented from time to time and subject to Applicable Law, all the rights, title, interest, benefits, claims and demands whatsoever of the Borrower in the Clearances;
	(e) a first and exclusive charge over the amount in the Debt Service Account opened and maintained in accordance with the terms of this Agreement and the Debt Service Account Agreement;

Notes to the Consolidated Financial Statements

Interest rate for loans outstanding as at March 31, 2014 and March 31, 2013

The interest rate varies from approximately 10.45% - 11.45% per annum as at March 31, 2014 (As at March 31, 2013: 10.50% - 11.20% per annum) on term loans from banks and other financial institutions.

Repayment of loan

As at March 31, 2014*	As at March 31, 2013*
Loan outstanding ₹ 11,931 Mn As per the repayment schedule in the Common loan agreement, the JV Company has to repay loans amounting to ₹ 16,590 Mn availed from other parties in 27 equated quarterly installments, with first date for repayment falling due in February 2014. The JV Company has made a prepayment of ₹ 4,221 Mn in October 2013.	**Loan outstanding ₹ 16,611 Mn** As per the repayment schedule in the Common loan agreement, the JV Company has to repay loans amounting to ₹ 16,611 Mn availed from other parties in 27 equated quarterly installments, with first date for repayment falling due in February 2014.
Loan outstanding ₹ 4,000 Mn As per the repayment schedule in the Syndicated Common loan agreement, the JV Company have to repay loans amounting to ₹ 10,500 Mn availed from banks in 16 equated quarterly installments which have commenced in November 2012.The JV Company has made a prepayment of ₹ 3,588 Mn in March 2013.	**Loan outstanding ₹ 5,600 Mn** As per the repayment schedule in the Syndicated Common loan agreement, the JV Company has to repay loans amounting to ₹ 5,600 Mn availed from banks in 16 equated quarterly installments which have commenced in November 2012.
Loan outstanding ₹ 4,200 Mn As per the repayment schedule in the Common loan agreement, the JV Company has to repay loans amounting to ₹ 4,200 Mn availed from bank and other parties (NBFC) in 19 equated quarterly installments with first date for repayment falling due in May 2014.	**Loan outstanding ₹ 4,200 Mn** As per the repayment schedule in the Common loan agreement, the JV Company has to repay loans amounting to ₹ 4,200 Mn availed from bank and other parties (NBFC) in 19 equated quarterly installments with first date for repayment falling due in May 2014.
Loan outstanding ₹ 1,800 Mn As per the repayment schedule in the loan agreement, the JV Company has to repay loans amounting to ₹ 2,520 Mn availed from bank in 14 equated quarterly installments which have commenced in May 2013.	**Loan outstanding ₹ 2,520 Mn** As per the repayment schedule in the loan agreement, the JV Company has to repay loans amounting to ₹ 2,520 Mn availed from bank in 14 equated quarterly installments which have commenced in May 2013.
Loan outstanding ₹ 6,300 Mn As per the repayment schedule in the loan agreement, the JV Company has to repay loans amounting to ₹ 6,300 Mn availed from bank in 19 equated quarterly installments with first date for repayment falling due in May 2014.	**Loan outstanding ₹ 6,300 Mn** As per the repayment schedule in the loan agreement, the JV Company has to repay loans amounting to ₹ 6,300 Mn availed from bank in 19 equated quarterly installments with first date for repayment falling due in May 2014.

Notes to the Consolidated Financial Statements

As at March 31, 2014*	As at March 31, 2013*
Loan outstanding ₹ 4,200 Mn As per the repayment schedule in the loan agreement, the JV Company has to repay loans amounting to ₹ 4,200 Mn availed from bank in 19 equated quarterly installments with first date for repayment falling due in March 2015. For all the above loans the JV Company may voluntarily prepay all or any portion of the disbursed loans based on certain specified clauses and subject to the condition laid out in the loan agreement.	For all the above loans the JV Company may voluntarily prepay all or any portion of the disbursed loans based on certain specified clauses and subject to the condition laid out in the loan agreement.

The above amount represents 42% of the amount of JV Company, which has been consolidated.

*During the year ended March 31, 2013, the JV Company has made prepayment of loan amounting to ₹ 32,967 Mn and availed new loan of ₹ 42,210 Mn.

6. DEFERRED TAX LIABILITIES (NET)

(₹ Millions)

Particulars	As at March 31, 2014	As at March 31, 2013
Deferred tax liability		
Depreciation claimed as deduction under Income Tax Act but chargable in the financial statements in future years	5,874	6,409
Revenue equalization (net) charged in financial statements but allowed as deduction under the Income Tax Act in future years on actual payment basis	6,840	3,129
Unamortised loan origination fees	19	24
Gain on disposal of subsidiary (refer Note 44)	113	-
Gross deferred tax liability	**12,846**	**9,562**
Deferred tax asset		
Provision for doubtful debts/ advances charged in financial statements but allowed as deduction under the Income Tax Act in future years (to the extent considered realisable)	637	656
Carry forward unabsorbed depreciation and unabsorbed business losses	-	293
Expenses allowed as deduction under Sec 35D of Income Tax Act in future years	242	242
Other expenses claimed as deduction in the financial statements but allowed as deduction under Income Tax Act in future years on actual payment (net)	718	761
Gross deferred tax asset	**1,597**	**1,952**
Net deferred tax liability	**11,249**	**7,610**

Current tax expense includes reversal of ₹ 48 Mn (2012 - 2013 – Nil) relating to earlier periods. Deferred tax expense includes ₹ 66 Mn (2012 - 2013 – Nil) relating to earlier periods.

Deferred tax liability (net) as at March 31, 2014 includes deferred tax liability of ₹ 2,482 Mn (net) arising on merger with Indus during the year. For details of the merger, refer note 44.

As of March 31, 2014 the above deferred tax assets and liabilities have been calculated using substantively enacted rates of 33.99% as per Finance Bill 2014.

Notes to the Consolidated Financial Statements

7. OTHER LONG-TERM LIABILITIES

(₹ Millions)

Particulars	As at March 31, 2014	As at March 31, 2013
Security deposits received	6,431	10,920
Lease equalization	4,136	4,535
Unearned revenue	76	97
Provision for payment of stock options (refer note 32)	31	18
Payable to joint venture company	5,320	-
	15,994	**15,570**

"Security deposits received" include ₹ 3,525 Mn (March 31, 2013 - ₹ 6,344 Mn) amounts received from related parties. For details, refer note 36.

8. LONG-TERM PROVISIONS

(₹ Millions)

Particulars	As at March 31, 2014	As at March 31, 2013
Provision for employee benefits (refer note 31)		
Gratuity	114	89
Leave encashment	60	51
Long-term service award	14	10
	188	150
Asset retirement obligation (refer note 34)	10,548	8,656
	10,736	**8,806**

9. SHORT-TERM BORROWINGS

(₹ Millions)

Particulars	As at March 31, 2014	As at March 31, 2013
Unsecured		
Loans repayable on demand:		
From others	992	-
	992	**-**

The above loans have been taken by JV Company on an interest rate of 9.95% per annum. These loans are repayable on demand.

10. TRADE PAYABLES

(₹ Millions)

Particulars	As at March 31, 2014	As at March 31, 2013
Trade creditors	1,894	7,106
	1,894	**7,106**

"Trade creditors" include ₹ 234 Mn (March 31, 2013 - ₹ 340 Mn) payable to parent and fellow subsidiary company. For details, refer note 36.

Notes to the Consolidated Financial Statements

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

(₹ Millions)

Particulars	As at March 31, 2014	As at March 31, 2013
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year		
Principal amount due to micro and small enterprises	28	90
Interest due on above	1	6
	29	**96**
The amount of interest paid by the buyer in terms of section 16 of the Micro Small and Medium Enterprise Development Act, 2006, along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year.	6	6
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the period/ year) but without adding the interest specified under Micro Small and Medium Enterprise Development Act, 2006.	0.4	3
The amount of interest accrued and remaining unpaid at the end of each accounting year.	14	12
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the Micro Small and Medium Enterprise Development Act, 2006.	-	-

11. OTHER CURRENT LIABILITIES

(₹ Millions)

Particulars	As at March 31, 2014	As at March 31, 2013
Equipment supply payables	4,791	5,449
Dues to employees	412	405
Accrued expenses	16,859	16,109
Book overdraft	38	128
Interest accrued but not due	80	4
Other taxes payable	86	404
Contribution to employee funds	10	9
Unearned revenue	23	22
Current portion of long-term borrowings (refer note 5)	6,587	2,935
Security deposits	387	322
Other Liabilities	155	733
	29,428	**26,520**

"Security deposits" include ₹ 60 Mn (March 31, 2013 - Nil) received from related parties and "Accrued expenses" include ₹ 101 Mn (March 31, 2013 - ₹ 84 Mn) payable to joint venture company. For details, refer note 36.

Notes to the Consolidated Financial Statements

12. SHORT-TERM PROVISIONS

(₹ Millions)

Particulars	As at March 31, 2014	As at March 31, 2013
Provision for employee benefits (refer note 31)		
Gratuity	38	30
Leave encashment	73	64
Proposed Dividend [refer note 3(b)]	8,313	5,666
Tax on Proposed Dividend	1,413	1,337
	9,837	**7,097**

13. FIXED ASSETS

(₹ Millions)

Particulars	Land	Plant and equipment	Office furniture and equipment	Vehicles	Computers	Leasehold improvements	Tangible assets Total	Computer Software	Intangible assets Total
Cost									
As at April 1, 2012	6	2,46,771	192	8	800	474	2,48,251	563	563
Additions	-	21,399	56	-	53	48	21,556	47	47
Disposals	-	(3,489)	(4)	-	(16)	(5)	(3,514)	-	-
As at March 31, 2013	**6**	**2,64,681**	**244**	**8**	**837**	**517**	**2,66,293**	**610**	**610**
Additions	-	15,291	39	-	57	8	15,394	71	71
Disposals/ adjustment	(3)	(14,358)	-	-	(5)	(26)	(14,391)	-	-
Transfer/ Adjustment under the Scheme of arrangement (refer note 44)	-	(1,736)	-	-	-	-	(1,736)	-	-
As at March 31, 2014	**3**	**2,63,878**	**283**	**8**	**889**	**499**	**2,65,560**	**681**	**681**
Depreciation									
As at April 1, 2012	-	80,416	102	3	629	167	81,317	295	295
Charge for the year	-	24,296	46	2	136	90	24,570	123	123
Disposals	-	(2,618)	(3)	-	(16)	(4)	(2,641)	-	-
As at March 31, 2013	**-**	**1,02,094**	**145**	**5**	**749**	**253**	**1,03,246**	**418**	**418**
Charge for the period	-	24,882	51	1	81	75	25,090	97	97
Disposals/ adjustment	-	(13,098)	-	-	(5)	-	(13,103)	-	-
Transfer/ Adjustment under the Scheme of arrangement (refer note 44)	-	(2,712)	-	-	-	-	(2,712)	-	-
As at March 31, 2014	**-**	**1,11,166**	**196**	**6**	**825**	**328**	**1,12,521**	**515**	**515**
Net block									
As at March 31, 2014	**3**	**1,52,712**	**87**	**2**	**64**	**171**	**1,53,039**	**166**	**166**
As at March 31, 2013	**6**	**1,62,587**	**99**	**3**	**88**	**264**	**1,63,047**	**192**	**192**

Charge for the year ended March 31, 2013 includes depreciation of ₹ 291 Mn considered under exceptional items in the statement of profit and loss (refer note 43).

"Plant and equipment" comprise of assets given on operating lease. For details, refer note 33(b)(i).
Depreciation charge for the year includes ₹ 1,294 Mn (2012 - 2013 - ₹ 1,307 Mn) provided for loss with respect to assets not in active use.

Notes to the Consolidated Financial Statements

14. NON-CURRENT INVESTMENTS (REFER NOTE 45)

(₹ Millions)

Particulars	As at March 31, 2014	As at March 31, 2013
Investment in mutual funds - unquoted	36,343	-
	36,343	**-**

15. LONG-TERM LOANS AND ADVANCES

(₹ Millions)

Particulars	As at March 31, 2014	As at March 31, 2013
Unsecured, considered good unless otherwise stated		
Capital advances		
Unsecured, considered good	15	35
Unsecured, considered doubtful	38	29
Less: Provision	(38)	(29)
	15	35
Security deposits		
Unsecured, considered good	3,983	3,795
Unsecured, considered doubtful	84	94
Less: Provision	(84)	(94)
	3,983	3,795
Other advances, unsecured, considered good	5,021	1,295
Advance income-tax [net of provision for taxation of ₹ 16,327 Mn (March 31, 2013 - ₹ 7,129 Mn)]	4,995	6,002
Advance fringe benefit tax (net of provision)	2	2
	14,016	**11,129**

16. OTHER NON-CURRENT ASSETS

(₹ Millions)

Particulars	As at March 31, 2014	As at March 31, 2013
Unsecured, considered good unless otherwise stated		
Revenue equalization	23,226	13,693
Unamortised debt origination cost	32	43
Others, considered good	2,043	998
Others, considered doubtful	13	9
Less: Provision	(13)	(9)
	2,043	998
	25,301	**14,734**

"Others" comprise of payments made under protest to the Government authorities. For details, refer note 38(ii).

Notes to the Consolidated Financial Statements

17. CURRENT INVESTMENTS (REFER NOTE 45)

(₹ Millions)

Particulars	As at March 31, 2014	As at March 31, 2013
Current investments (at lower of cost or market value)		
Investments in mutual funds - unquoted	38,460	38,911
	38,460	**38,911**

18. TRADE RECEIVABLES

(₹ Millions)

Particulars	As at March 31, 2014	As at March 31, 2013
Unsecured, considered good unless otherwise stated		
Outstanding for a period exceeding six months from the date they are due for payment		
Unsecured, considered good	419	4,108
Unsecured, considered doubtful	1,117	1,406
Less: Provision for doubtful receivables	(1,117)	(1,406)
	419	4,108
Trade receivables		
Unsecured, considered good	2,656	4,446
Unsecured, considered doubtful	368	211
Less: Provision for doubtful receivables	(368)	(211)
	2,656	4,446
	3,075	**8,554**

"Trade receivables" include receivables from related parties amounting to ₹ 2,275 Mn (March 31, 2013 - ₹ 7,350 Mn). For details, refer note 36.

19. CASH AND BANK BALANCES

(₹ Millions)

Particulars	As at March 31, 2014	As at March 31, 2013
Cash and cash equivalents		
Balances with banks on current accounts	272	98
Cheques on hand	27	27
Fixed deposits with maturity less than three months	1,341	395
	1,640	520
Other bank balances		
Fixed deposits		
Deposit more than three months but less than twelve months	15	14
Earmarked balances with banks	-	733
	1,655	**1,267**

"Other bank balances" includes margin money of ₹ 2 Mn (March 31, 2013 - ₹ 1 Mn) against various guarantees issued by banks on behalf of the JV company in favour of sales tax authorities. The amount also includes fixed deposit of ₹ 13 Mn (March 31, 2013 - ₹ 13 Mn) issued in favour of Municipal Corporation of Delhi. These deposits are not available for use by the JV company.

"Earmarked balances with banks" comprise of amounts held in Escrow account payable towards share issue expenses.

Notes to the Consolidated Financial Statements

20. SHORT-TERM LOANS AND ADVANCES

(₹ Millions)

Particulars	As at March 31, 2014	As at March 31, 2013
Loans and advances to related parties		
Unsecured, considered good	138	24,858
Advances recoverable in cash or kind		
Secured, considered good	322	272
Unsecured, considered good	3,159	4,012
Unsecured, considered doubtful	205	269
Less: Provision for doubtful advances	(205)	(269)
	3,481	4,284
Other loans and advances		
Minimum alternate tax recoverable	1,463	936
	5,082	**30,078**

"Loans and advances to related parties" includes interest bearing loan to parent company amounting to Nil as at March 31, 2014 (March 31, 2013 - ₹ 22,990 Mn). It further includes non interest bearing loans and advances to joint venture company and fellow subsidiary amounting to ₹ 132 Mn and ₹ 7 Mn as at March 31, 2014 (March 31, 2013 - ₹ 1,861 Mn and ₹ 7 Mn) respectively. For details, refer note 36.

"Advances recoverable in cash or kind" are secured to the extent they are backed by bank guarantees

21. OTHER CURRENT ASSETS

(₹ Millions)

Particulars	As at March 31, 2014	As at March 31, 2013
Unsecured, considered good unless otherwise stated		
Unbilled revenue (net)	6,475	6,462
Interest accrued	22	101
Revenue equalization	551	49
Unamortised loan origination fee	23	26
Other receivables	621	657
	7,692	**7,295**

"Unbilled revenue (net)" is net of provisions considered for penalties, deductions etc.

"Other current assets" includes amount receivable from related parties amounting to ₹ 3,373 Mn as at March 31, 2014 (March 31, 2013 - ₹ 3,614 Mn).

"Interest accrued" comprises of interest accrued on loan to parent company and JV company amounting to Nil and ₹ 22 Mn as at March 31, 2014 (March 31, 2013 - ₹ 101 Mn and Nil) respectively. For details, refer note 36.

22. REVENUE FROM OPERATIONS

(₹ Millions)

Particulars	Year ended March 31, 2014	Year ended March 31, 2013
Rent	65,790	63,847
Energy and other reimbursements	42,477	38,873
	1,08,267	**1,02,720**

Notes to the Consolidated Financial Statements

23. OTHER INCOME

(₹ Millions)

Particulars	Year ended March 31, 2014	Year ended March 31, 2013
Interest income on:		
- Bank deposits	2	10
- Loans to group companies	499	1,742
- Others	567	263
Dividend income	896	132
Net gain on sale of current investments	117	753
Profit on sale of assets	1,522	251
Termination charges for contract cancellation	163	-
Miscellaneous income (refer note 46)	721	228
	4,487	**3,379**

24. POWER & FUEL

(₹ Millions)

Particulars	Year ended March 31, 2014	Year ended March 31, 2013
Network	40,570	37,972
Others	50	44
	40,620	**38,016**

25. RENT

(₹ Millions)

Particulars	Year ended March 31, 2014	Year ended March 31, 2013
Network	8,664	10,655
Others	222	221
	8,886	**10,876**

26. EMPLOYEE BENEFIT EXPENSES

(₹ Millions)

Particulars	Year ended March 31, 2014	Year ended March 31, 2013
Salaries, wages and bonus	3,226	2,892
Contribution to provident and other funds	107	98
Employee stock option scheme	77	103
Staff welfare expenses	138	133
Others	122	115
	3,670	**3,341**

"Salaries, wages and bonus" includes gratuity and other post employment benefits. For details, refer note 31.
Further, for details of employee stock option scheme, refer note 32

Notes to the Consolidated Financial Statements

27. OTHER EXPENSES

(₹ Millions)

Particulars	Year ended March 31, 2014	Year ended March 31, 2013
Insurance	108	102
Repair and maintenance		
- Plant and Machinery	6,817	6,921
- Building	26	19
- Others	1,968	1,883
Traveling and conveyance	274	249
Communication costs	135	163
Legal and professional	337	267
IT expenses	400	302
Provision for doubtful debts and advances	(31)	341
Provision for fixed assets/ capital work in progress	58	58
Fixed assets written off*	24	85
Loss on sale of fixed assets	88	16
Miscellaneous expenses		
- Network	435	1,686
- Others	334	293
	10,973	**12,385**

* "Fixed assets written off" for the year ended March 31, 2014 and March 31, 2013 is net of ₹ 156 Mn and ₹ 310 Mn respectively adjusted with General Reserve in accordance with the Scheme of arrangement. For details, refer note 42.

28. DEPRECIATION AND AMORTIZATION EXPENSE

(₹ Millions)

Particulars	Year ended March 31, 2014	Year ended March 31, 2013
Depreciation of tangible assets	25,090	24,279
Amortization of intangible assets	96	123
	25,186	24,402
Less: adjusted with general reserve (refer note 42 and 44)	(3,927)	(2,203)
	21,259	**22,199**

Notes to the Consolidated Financial Statements

29. FINANCE COST

(₹ Millions)

Particulars	Year ended March 31, 2014	Year ended March 31, 2013
Interest	3,864	3,717
Amortization of loan origination fee	35	218
Mark to market loss	85	-
Bank charges	13	10
	3,997	**3,945**

30. EARNINGS PER SHARE (EPS)

Particulars	Year ended March 31, 2014	Year ended March 31, 2013
Nominal value of equity shares (₹)	10	10
Profit attributable to equity shareholders for computing Basic and Dilutive EPS (A) (₹ Million)	15,179	10,025
Weighted average number of equity shares outstanding during the year for computing Basic EPS (B)	1,888,860,817	1,782,075,524
Dilutive effect on weighted average number of equity shares outstanding during the year*	4,189,888	4,246,946
Weighted average number of equity shares and equity equivalent shares for computing Diluted EPS (C)	1,893,050,705	1,786,322,470
Basic earnings per share (A/B) (₹)	8.036	5.625
Diluted earnings per share (A/C) (₹)	8.018	5.612

* Diluted effect on weighted average number of equity shares and profit attributable is on account of Employee Stock Option Plan (ESOP).

31. EMPLOYEE BENEFITS

During the period, the Group has recognized the following amounts in the consolidated statement of profit and loss:

Defined Contribution Plans

(₹ Millions)

Particulars	Year ended March 31, 2014	Year ended March 31, 2013
Employer's contribution to Provident Fund	107	98
Total	**107**	**98**

Defined benefit obligations

Gratuity liability is defined benefit obligation and is provided for on the basis of an actuarial valuation on projected unit credit method made at the end of each reporting period. The plan is not funded by the Group.

Notes to the Consolidated Financial Statements

Gratuity

i. Amount charged to the consolidated statement of profit and loss:

(₹ Millions)

Particulars	Gratuity#	
	Year ended March 31, 2014	Year ended March 31, 2013
Current service cost	37	34
Interest cost	11	9
Actuarial (gain)/ loss	7	3
Net gratuity cost	**55**	**46**

included in Salaries, wages and bonus (refer note 26).

ii. The assumptions used to determine the benefit obligations are as follows:

Company

Particulars	As at March 31, 2014	As at March 31, 2013
Discount rate	8.00%	8.50%
Expected rate of increase in compensation levels	10.00%	10.00%
Expected rate of return on plan assets	NA	NA
Expected average remaining working lives of employees (years)	24.27 years	24.89 years

Joint Venture

Particulars	As at March 31, 2014	As at March 31, 2013
Discount rate	9.10%	8.40%
Expected rate of increase in compensation levels	First 2 years- 10% and 7% thereafter	First 2 years- 10% and 7% thereafter

iii. Reconciliation of opening and closing balances of benefit obligations:

(₹ Millions)

Particulars	As at March 31, 2014	As at March 31, 2013
Projected benefit obligation at beginning of year	119	87
Current service cost	37	34
Interest cost	11	9
Benefits paid	(22)	(14)
Actuarial (gain)/ loss	7	3
Projected benefit obligation at end of year	**152**	**119**
Net amount recognized	**(152)**	**(119)**

Notes to the Consolidated Financial Statements

iv. The discount rate is based on the average yield on government bonds at the accounting date with a term that matches that of the liabilities.

v. The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

vi. Estimated amounts of benefits payable within next year are ₹ 35 Mn (March 31, 2013 – ₹ 33 Mn).

vii. The table below discloses experience adjustment disclosure as per para 120 (n) (ii) of Accounting Standard 15, ‘Employee Benefits’.

(₹ Millions)

Particulars	Gratuity				
	As at March 31, 2014	As at March 31, 2013	As at March 31, 2012	As at March 31, 2011	As at March 31, 2010
Defined benefit obligation	152	119	87	60	38
Surplus/ (deficit)	(152)	(119)	(87)	(60)	(38)
Experience adjustments on plan liabilities (loss)/ gain	(2)	(1)	(1)	(3)	(4)
Experience adjustments on plan assets (loss)/ gain	-	-	-	-	-

viii. Movement in provision for deferred bonus plan

(₹ Millions)

Particulars	As at March 31, 2014	As at March 31, 2013
Opening balance	-	18
Add: addition during the year	-	2
Less: paid during the year	-	(20)
Total	**-**	**-**

32. EMPLOYEE STOCK OPTION PLANS

Pursuant to the board resolution dated July 22, 2008 and the resolution of the shareholders in extraordinary general meeting dated August 28, 2008, the Company instituted the Employee Stock Option Plan.

The Company has granted additional stock options in the ratio of two options for every one option outstanding as on August 23, 2012. The total number of additional options granted is 6,165 thousand.

Under the Plan 9,947 thousand options have been awarded to directors, officers and employees of the Company (including Group Companies) till date including the additional grants pursuant to bonus issue, out of which Nil options have been granted during the year ended March 31, 2014.

During the year ended March 31, 2014 the Company has announced new performance unit plan (cash settled payment) for its employees.

On September 1, 2009, the Joint Venture Company (Indus Towers Limited) announced an Employee stock option plan (‘ESOP’ or ‘plan’) for eligible employees. During the year ended March 31, 2013, the Joint venture company has cancelled the ESOP Plan 2009 and has announced new Stock Appreciation Rights (SAR) Scheme for its employees.

Notes to the Consolidated Financial Statements

The following table provides an overview of all existing stock option plans of the Group:

Scheme	Plan	Stock options outstanding* (in thousands)	Vesting period (years)	Contractual term (years)	Weighted average exercise price (₹)	Classification/ accounting treatment
Company						
Infratel	2008 Plan	8,554	1 - 5/1 - 4	7	110	Equity settled
Infratel	Long term incentive plan	16	1 - 3	7	10	Equity settled
Infratel	Performance Unit Plan (cash settled)	171	1 - 3	7	-	Cash settled
Joint Venture						
Indus Plan	SAR Plan -1	0.15	**	7	2,49,300	Cash settled
Indus Plan	SAR Plan -2	0.07	1 - 3	7	2,49,300	Cash settled

* Represents the number of options outstanding as on March 31, 2014 after considering the impact of bonus issue in August 2012. The weighted average remaining contractual life for options outstanding at the end of year for Company and JV Company is 1.42 to 6.34 years and 3.31 to 3.89 years respectively.

** The vesting schedule of SAR Plan-1 stipulates vesting as applicable under the scheme or as determined by the HR and Remuneration committee and communicated through award letters.

Company

The weighted average fair value per option based on Black Scholes / Lattice Valuation model is ₹ 475 and ₹ 197.61 on the original grants of equity settled and cash settled plans respectively. The fair value is being amortized over the vesting period of 36 and 60 months, respectively on a graded vesting basis.

Equity settled options are planned to be settled in equity at the time of exercise and have maximum period of 7 years from the date of respective grants. The options under this plan have an exercise price of ₹ 329 per equity share and vest on a graded basis. The exercise price of ₹ 329 per equity share has been diluted to one third pursuant to the bonus issue in August 2012. Further the options granted under 'Long term incentive plan' are at ₹ 10 per equity share.

Cash settled options have a maximum exercise period of 7 years from the respective grant date.

Joint Venture

During the quarter ended March 31, 2013 the Joint Venture Company has announced new Employee Stock Appreciation Right Scheme (the - "Scheme") SAR Plan 1 and SAR Plan 2 for eligible employees. In accordance with this plan, the value of each SAR at respective exercise dates will be determined by dividing the valuation of the Company for the relevant period by the total number of Stock Units (i.e. 1,190,470 Stock Units). The fair value of the option has been determined using Black Scholes Option Pricing Model. The fair value of options granted after applying an estimated forfeiture rate is amortised over the vesting period.

During the year ended March 31, 2013, the JV Company has cancelled ESOP Plan 2009 and transferred the Employee Stock Option Outstanding Account (ESOP Reserve) to General Reserve account amounting to ₹ 54 Mn and provision for payment of stock options have been written back to statement of profit and loss amounting to ₹ 173 Mn.

Notes to the Consolidated Financial Statements

Vesting period from the grant date	Vesting schedule
Company	
1. ESOP Scheme 2008	
For options with a vesting period of 36 months:	
On completion of 12 months	30%
On completion of 24 months	30%
On completion of 36 months	40%
For options with a vesting period of 48 months:	
On completion of 12 months	15%
On completion of 24 months	20%
On completion of 36 months	30%
On completion of 48 months	35%
For options with a vesting period of 60 months:	
On completion of 12 months	20%
On completion of 24 months	20%
On completion of 36 months	20%
On completion of 48 months	20%
On completion of 60 months	20%
2. Performance Unit Plan	
For options with a vesting period of 36 months:	
On completion of 12 months	30%
On completion of 24 months	30%
On completion of 36 months	40%
Joint Venture	
SAR Plan 1	As determined by HR and Remuneration committee
SAR Plan 2	
For options with a vesting period of 36 months:	
At the end of 5 months or 1 year	30%
At the end of 1 year and 5 months or 2 years	30%
At the end of 2 years and 5 months or 3 years	40%

Notes to the Consolidated Financial Statements

Information concerning the stock options granted and outstanding at the year end is as follows:

Particulars	As at March 31, 2014		As at March 31, 2013	
	Number of stock options (In '000)	Weighted average exercise price (₹)	Number of stock options (In '000)	Weighted average exercise price (₹)
Company				
Plan 2008				
Outstanding at beginning of the year	9,147	110	3,333	329
Granted	-	-	-	-
Forfeited	(39)	329	(251)	329
Bonus issue in the ratio of 1:2	-	-	6,165	110
Exercised	(554)	110	(100)	110
Outstanding at the year end	8,554	110	9,147	110
Exercisable at end of the year	7,662	110	6,431	110
LTI Plan (Part of 2008 plan)				
Outstanding at beginning of the year	20	10	-	-
Granted	-	-	34	10
Forfeited	-	-	(14)	10
Exercised	(4)	10	-	-
Expired	-	-	-	-
Outstanding at the year end	16	10	20	10
Exercisable at end of the year	4	10	-	-
Cash settled Plan				
Outstanding at beginning of the year	-	-	-	-
Granted	171	-	-	-
Forfeited	-	-	-	-
Exercised	-	-	-	-
Expired	-	-	-	-
Outstanding at the year end	171	-	-	-
Exercisable at end of the year	-	-	-	-
Joint Venture*				
SAR Plan 1				
Outstanding at beginning of the year	0.42	-	-	-

Notes to the Consolidated Financial Statements

Particulars	As at March 31, 2014		As at March 31, 2013	
	Number of stock options (In '000)	Weighted average exercise price (₹)	Number of stock options (In '000)	Weighted average exercise price (₹)
Granted	-	-	0.87	-
Forfeited	(0.05)	-	-	-
Exercised	(0.23)	-	(0.45)	-
Expired	-	-	-	-
Outstanding at the year end	0.15	-	0.42	-
Exercisable at end of the year	0.05	-	0.02	-
SAR Plan 2				
Outstanding at beginning of the year	0.01	-	-	-
Granted	0.05	-	0.01	-
Forfeited	-	-	-	-
Exercised	(0.002)	-	-	-
Expired	-	-	-	-
Outstanding at the year end	0.07	-	0.01	-
Exercisable at end of the year	0.004	-	-	-

*Represents Company's share of 42% of the Joint Venture Company.

The weighted average share price at the exercise date was ₹ 189 per share for options exercised during the year ended March 31, 2014.

The weighted average fair value of stock options granted by the Company during the year ended March 31, 2014 was ₹ 197.61 per share (March 31, 2013 – ₹ 258 per share). The fair value of the options granted during the year was estimated on the date of grant using the Black Scholes Valuation model with the following assumptions:

Particulars	As at March 31, 2014	As at March 31, 2013
Company		
Risk free interest rates	8.39% to 8.80%	8.37% to 8.62%
Vesting period	36 months	36 months
Weighted average share price (₹)	201	219
Weighted average remaining contractual life	6.34 years	2.4 to 6.4 years
Weighted average exercise price on the date of grant	NA	110
Weighted average share price on the date of grant/as at year end	201	219
Volatility	30.96%	52.42% to 52.43 %

Notes to the Consolidated Financial Statements

Particulars	As at March 31, 2014	As at March 31, 2013
Dividend yield	0.50%	0.00%
Joint Venture		
SAR Plan 1 & 2		
Risk free interest rates	8.79%	7.83%
Vesting period		
SAR Plan 1	-	-
SAR Plan 2	36 months	36 months
Volatility	29.11%	25.31%
Dividend yield	3.99%	-

The balance of deferred stock compensation as on March 31, 2014 is ₹ 24 Mn (March 31, 2013 – ₹ 86 Mn) and total employee stock compensation expense recognized for the year ended March 31, 2014 and March 31, 2013 is ₹ 77 Mn and ₹ 103 Mn respectively.

Note:

Bharti Airtel Limited has given stock option to certain employees of the Company. Bharti Airtel Limited has not charged the compensation cost relating to the stock option granted to the Company. Besides this, the Company has also given stock options to certain employees of Bharti Airtel Limited and has considered the related compensation cost in its books.

33. LEASES

(a) Operating lease: Group as a lessee

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

(₹ Millions)

Particulars	As at March 31, 2014	As at March 31, 2013
Lease rental charged to statement of profit and loss	8,886	10,876
Obligation on non-cancelable lease:		
Not Later than one year	7,978	8,701
Later than one year but not later than five years	27,318	28,519
Later than five years	36,257	43,808
Total	**71,553**	**81,028**

The lease rentals include rent equalization of ₹ 307 Mn and ₹ 468 Mn for the year ended March 31, 2014 and March 31, 2013 respectively.

Notes to the Consolidated Financial Statements

(b) Operating lease: Group as a lessor

(i) The Group has given sites on operating lease to telecom operators. As per the agreements with the operators the escalation rates range from 0% to 2.5% per annum. The service charges recognized as income during the period for non-cancellable arrangements relating to provision for passive infrastructure sites as per the agreements is ₹ 66,199 Mn and ₹ 61,813 Mn for the year ended March 31, 2014 and March 31, 2013 respectively, excluding IRU income covered in (b)(ii) below.

(₹ Millions)

Particulars	As at March 31, 2014	As at March 31, 2013
Future minimum lease payment receivable:		
Not Later than one year	67,104	69,729
Later than one year but not later than five years	2,78,266	1,57,720
Later than five years	1,40,172	1,52,937
Total	**4,85,542**	**3,80,386**

Revenue includes revenue equalization of ₹ 2,685 Mn and ₹ 2,590 Mn for the year ended March 31, 2014 and March 31, 2013 respectively.

(ii) The Group had entered into a non-cancellable lease arrangement to provide access to the Passive Infrastructure located at 12 Circles on indefeasible right of use (IRU) basis for a period of two years to its Joint Venture Company, Indus Towers Limited from January 1, 2009. The Group has credited lease rental receivable to the statement of profit and loss on a straight-line basis over the lease term amounting to Nil and ₹ 4,822 Mn for the year ended March 31, 2014 and March 31, 2013 respectively.

34. ASSET RETIREMENT OBLIGATION

The Group uses various premises on lease to install plant and equipment. A provision is recognized for the costs to be incurred for the restoration of these premises at the end of the lease period. It is expected that this provision will be utilized at the end of the lease period of the respective sites as per the respective lease agreements. The movement of provision in accordance with AS–29 on 'Provisions, Contingent Liabilities and Contingent Assets', as per Companies Accounting Standard Rules, 2006, is given below:

(₹ Millions)

Particulars	As at March 31, 2014	As at March 31, 2013
Opening Balance	8,656	5,014
Additions during the year	280	3,681
Add: Pursuant to merger (refer note 44)	1,666	-
Less: Utilised / adjusted during the year	(54)	(39)
Closing Balance	**10,548**	**8,656**

During the year ended March 31, 2013, the Group has revised its estimate for site restoration obligation which has resulted in increase in the estimated obligation by ₹ 3,322 Mn. Had the Group not changed its estimate regarding the cost to be incurred for restoration of sites, the depreciation for the year ended March 31, 2013 would have been lower by ₹ 144 Mn and the profit after tax for year ended March 31, 2013 would have been higher by ₹ 96 Mn (net of tax) respectively.

Notes to the Consolidated Financial Statements

35. INTEREST IN JOINT VENTURE

The Group's share of the assets, liabilities, income and expense of the joint venture company, which has been proportionately consolidated in the consolidated financial statements, before elimination of transactions between the group and the joint venture are as follows:

(₹ Millions)

Particulars	As at March 31, 2014	As at March 31, 2013
EQUITY AND LIABILITIES		
Shareholders' funds		
Share capital	1	0.5
Reserves and surplus	63,528	948
	63,529	**949**
Non-current liabilities		
Long-term borrowings	25,844	32,296
Deferred tax liabilities (net)	6,919	2,072
Other long-term liabilities	5,761	5,838
Long-term provisions	7,361	2,910
	45,885	**43,116**
Current liabilities		
Short-term borrowings	993	863
Trade payables	605	9,781
Other current liabilities	16,583	14,534
Short-term provisions	21	2,590
	18,202	**27,768**
Total equity and liabilities	**1,27,616**	**71,833**
ASSETS		
Non-current assets		
Fixed assets		
Tangible assets	86,429	50,873
Intangible assets	137	173
Capital work-in-progress	1,005	952

Notes to the Consolidated Financial Statements

(₹ Millions)

Particulars	As at March 31, 2014	As at March 31, 2013
Long-term loans and advances	14,656	5,444
Other non-current assets	10,149	2,423
	1,12,376	**59,865**
Current assets		
Current investments	4,791	1,890
Trade receivables	447	1,290
Cash and bank balances	1,180	480
Short-term loans and advances	2,440	2,395
Other current assets	6,382	5,913
	15,240	**11,968**
Total assets	**1,27,616**	**71,833**

(₹ Millions)

Particulars	Year ended March 31, 2014	Year ended March 31, 2013
INCOME		
Revenues	58,292	55,387
Other income	1,396	718
	59,688	**56,105**
EXPENSES		
Power and fuel	21,083	21,074
Rent	6,394	10,373
Employee benefits expenses	1,519	1,252
Other expenses	6,065	6,812
	35,061	**39,511**
Earnings before interest, tax, depreciation and amortization	**24,627**	**16,594**
Depreciation and amortization expense	10,245	6,870
Finance costs	3,917	3,939
	14,162	10,809
Profit before exceptional items and tax	**10,465**	**5,785**
Exceptional items	-	(9)

Notes to the Consolidated Financial Statements

(₹ Millions)

Particulars	Year ended March 31, 2014	Year ended March 31, 2013
Profit before tax	**10,465**	**5,776**
Tax expenses		
Current tax	3,072	1,710
Deferred tax	914	270
Total tax expense	**3,986**	**1,980**
Profit for the year	**6,479**	**3,796**
Capital commitments	1,385	491
Contingent liabilities	10,924	1,836

36. RELATED PARTY DISCLOSURES

In accordance with the requirements of Accounting Standards (AS) - 18 on Related Party Disclosures, the names of the related parties where control exists and/ or with whom transactions have taken place during the year and description of relationships, as identified and certified by the management are as below:

A. List of related parties

1. Key Management personnel
   Akhil Kumar Gupta, Chairman (Managing Director upto March 31, 2014)

2. Related parties where control exists irrespective of whether transactions have occurred or not
   Holding company — Bharti Airtel Limited
   Joint Venture Company — Indus Towers Limited

3. Other related parties with whom transactions have taken place during the year

Name of the related party	Relationship
Bharti Airtel Services Limited	Fellow subsidiary
Bharti Enterprises Limited	Entity having significant influence/Group Company
Bharti Foundation	Entity having significant influence/Group Company
Bharti Hexacom Limited	Fellow subsidiary
Bharti Telemedia Limited	Fellow subsidiary
Centum Learning Limited	Entity having significant influence/Group Company
Nxtra Data Limited	Fellow subsidiary

Notes to the Consolidated Financial Statements

B. Related party transactions during the year:

(₹ Millions)

Nature of transaction	Bharti Airtel Limited		Bharti Hexacom Limited		Bharti Telemedia Limited		Bharti Enterprises Limited		Centum Learning Limited		Bharti Airtel Services Limited		Nxtra Data Limited		Key Management Personnel (*)		Bharti Foundation		Indus Towers Limited (**) (#)	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
Loan given	-	13,500	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Loan repaid	(22,990)	(3,670)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(1,577)	(10,001)
Sale of fixed assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	34	262
Refund of lease rentals for IRU sites	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	83	-
Amount received on exercise of ESOP options	-	-	-	-	-	-	-	-	-	-	-	-	-	-	39	-	-	-	-	-
Revenue from operations	51,304	46,813	3,739	3,139	-	-	-	-	-	-	-	-	-	-	-	-	-	-	903	5,418
Expenses (other than employee related) incurred on behalf of Company	(7)	(12)	-	-	-	-	(94)	(104)	-	-	-	-	-	-	-	-	-	-	-	(216)
Employee related expenses incurred on behalf of Company	-	(28)	-	-	(4)	(3)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Procurement of services	(159)	(169)	-	-	-	-	-	-	(14)	(26)	-	-	(7)	-	-	-	-	-	-	-
Salary	-		-	-	-	-	-	-	-	-	-	-	-	-	(80)	(70)	-	-	-	-
Security deposit received	(58)	(152)	(8)	(17)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Security deposit refunded	16	1,732	-	97	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest income on loan given	485	1,743	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Commission paid	-		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(44)	(28)
Dividend received	-		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,200	4,050
Dividend paid	(4,500)	(3,750)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Donation given	-		-	-	-	-	-	-	-	-	-	-	-	-	-	-	(50)	(50)	-	-
Total	**24,091**	**56,007**	**3,731**	**3,219**	**(4)**	**(3)**	**(94)**	**(104)**	**(14)**	**(26)**	**-**	**-**	**(7)**	**-**	**(41)**	**(70)**	**(50)**	**(50)**	**1,599**	**(515)**
Balance outstanding:																				
Trade payables and Other current liabilities	(122)	(193)	(9)	(37)	-	-	-	-	-	(6)	-	(1)	-	-	(51)	(46)	-	-	(9,525)	(323)
Short-term loans and advances	-	22,990	-		-	-	-	-	7	7	-	-	-	-	-	-	-	-	227	3,208
Other current assets	3,200	3,443	173	171	-	-	-	-	-	-	-	-	-	-	-	-	-	-	38	-
Trade receivables	2,055	1,709	220	283	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	9,238
Security deposits received	(3,374)	(3,331)	(211)	(204)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(4,844)
Total	**1,759**	**24,618**	**173**	**213**	**-**	**-**	**-**	**-**	**7**	**1**	**-**	**(1)**	**-**	**-**	**(51)**	**(46)**	**-**	**-**	**(9,260)**	**7,279**

During the year ended March 31, 2013, the Company allotted 43,700 equity shares to relatives of certain directors of the Company during IPO.

* Balance outstanding includes provision for leave encashment and gratuity based on actuarial valuation.

** Transactions above have not been proportionated based on the equity holding in the JV Company. Amount due from and due to JV Company are included in the respective line items in the above schedule.

\# Refer note 44 for details of additional investment in Indus Towers Limited (Indus) on merger of Bharti Infratel Ventures Limited with Indus during the year.

Notes to the Consolidated Financial Statements

37. CAPITAL AND OTHER COMMITMENTS

(i) Capital commitments

(₹ Millions)

Particulars	As at March 31, 2014	As at March 31, 2013
Estimated amount of contracts to be executed on capital account and not provided for in the financial statements (net of capital advances)	5,156	3,401
Under the IT Outsourcing agreement, the Company has commitment for capital purchases and service charges	70	1,663
	5,226	**5,064**

(ii) Other commitments

For commitments relating to lease agreements, refer note 33.

38. CONTINGENT LIABILITIES

(i) Financial bank guarantees

(₹ Millions)

Particulars	As at March 31, 2014	As at March 31, 2013
Total guarantees issued by banks and financials institutions on behalf of the Group	439	427
Total	**439**	**427**

(ii) Claims against the Group not acknowledged as debt

(₹ Millions)

Particulars	As at March 31, 2014	As at March 31, 2013
a) Taxes, duties and other demands (under adjudication / appeal / dispute)		
- Sales tax (refer to a below)	786	337
- Stamp duty (refer to b below)	269	267
- Entry tax (refer to c below)	1,543	1,257
- Municipal taxes (refer to d below)	1,578	1,120
- Service tax (refer to e below)	1,535	1,485
b) Other claims under legal cases including arbitration matters (refer to f below)	241	199
c) Income tax matters (refer to g below)#	10,224	49
Total	**16,176**	**4,714**

Includes ₹ 9,735 Mn for which the possibility of tax demand materializing is remote based on internal assessment of the Group.

Notes to the Consolidated Financial Statements

Unless otherwise stated below, the management believes that, based on legal advice, the outcome of these contingencies will be favourable and that a loss is not probable.

(a) **Sales tax**

The claims for sales tax as of March 31, 2014 comprise of the cases relating to levy of VAT on right to use.

(b) **Stamp Duty**

The Group has received demand in certain states for stamp duty on execution of Leave and License Agreement of Cell Sites.

(c) **Entry tax**

In certain states, entry tax is imposed on entry of goods in the local area for use, consumption or sale therein. The company has challenged the constitutional validity of the same before respective high courts and also in Hon'ble Supreme Court.

(d) **Municipal taxes**

The Group based on its assessment of the applicability and tenability of certain municipal levies, which is an industry wide phenomenon, does not consider the impact of such levies to be material.

(e) **Service tax**

The service tax demand as at March 31, 2014 relates to CENVAT claims on towers and related material.

(f) **Others**

Others mainly include site related legal disputes.

(g) **Income tax**

The Company has received assessment orders for AY 2010-11 and 2011-12 amounting to ₹ 1,004 Mn and ₹ 589 Mn respectively.

The joint venture company has received income tax assessment order amounting to ₹ 8,618 Mn relating to earlier periods.

39. UTILIZATION OF MONEY RAISED THROUGH PUBLIC ISSUE

(a) Pursuant to Initial Public Offer (IPO) the Company raised ₹ 31,657 Mn (net of selling shareholders' proceeds), details of utilization of IPO proceeds are as follows-

(₹ Millions)

Object	Planned utilisation as per Prospectus		Amount utilised 2013-14	Amount Pending Utilisation
	Total (A)	2013-14	(B)	(A-B)
Installation of new 4,813 towers	10,865	5,071	897	9,968
Upgradation and replacement of existing towers	12,141	5,049	3,347*	8,794
Green initiatives at tower sites	6,394	2,991	310	6,084
General corporate purpose	2,257	1,128	1,128	1,129
Total	**31,657**	**14,239**	**5,682**	**25,975**

*Includes inventory as on March 31, 2014 amounting to ₹ 90 Mn.

Notes to the Consolidated Financial Statements

Actual fund utilization in 2013-2014 has been lower primarily on account of lower capex deployment.

Unspent amount of ₹ 25,975 Mn is lying in the Mutual funds investments and is shown as under –

(₹ Millions)

Particulars	As at March 31, 2014 No. of units	As at March 31, 2014 Amount(**)
Current	1,065,128,467	22,391
Non Current	122,528,068	4,540
	1,187,656,535	**26,931**

**The difference in the unutilized issue proceeds and amount invested is on account of dividend accrued, reinvested during the period.

40. (a) Expenditure in foreign currency (cash basis)

(₹ Millions)

Particulars	Year ended March 31, 2014	Year ended March 31, 2013
Legal and professional *	34	59
IT expenses	0.11	1
Capital goods	-	21
	34	**81**

* Comprise of payments made to Legal counsels towards professional services rendered in connection with the Company's Initial Public Offering amounting to ₹ 59 Mn for the year ended March 31, 2013 adjusted against securities premium.

(b) Dividend remitted in foreign currency

Particulars	Year ended March 31, 2014	Year ended March 31, 2013
Number of non - resident shareholders to whom dividend was due	1	4
Number of equity shares held on which dividend was due (in Mn)	18	50
Amount remitted (₹ in Mn)	54	124
Amount remitted (USD in Mn)	1	2

Final dividend of ₹ 3.00 per equity share (Face value per share ₹ 10) was declared for FY 2012-13 and paid in FY 2013-14.

In addition to above, final dividend amounting to ₹ 581 Mn [2012 - 2013 - ₹ 482 Mn (interim dividend)] has been paid to other non-resident shareholders in Indian Rupees.

(c) Unhedged foreign currency exposure is Nil as at March 31, 2014 (March 31, 2013 – Nil).

(d) Value of imports calculated on CIF basis Nil as at March 31, 2014 (March 31, 2013 - ₹ 17 Mn).

41. Since the Group's business activity falls within a single business and geographical segment of providing passive infrastructure, there are no additional disclosure to be provided under Accounting Standard - 17 'Segment Reporting' other than those already provided in the consolidated financial statements.

Notes to the Consolidated Financial Statements

42. During the year ended March 31, 2008, pursuant to the Scheme of Arrangement with Bharti Airtel Limited ('BAL Scheme') under sections 391 to 394 of the Companies Act, 1956, the telecom infrastructure undertaking of Bharti Airtel Limited was transferred to the Company. Pursuant to the Scheme, the depreciation charged by the Company on the excess of the fair values over the original book values of the assets transferred by Bharti Airtel Limited is being off-set against General Reserve. Had the Company followed generally accepted accounting principles in India, General Reserve as at March 31, 2014 and March 31, 2013 would have been higher by ₹ 7,063 Mn and ₹ 6,170 Mn respectively. Depreciation for the year ended March 31, 2014 would have been higher by ₹ 737 Mn (March 31, 2013 ₹ 802 Mn), other expenses for the year ended March 31, 2014 would have been higher by ₹ 156 Mn (March 31, 2013 ₹ 117 Mn) and profit for the year ended March 31, 2014 have been lower by ₹ 893 Mn (March 31, 2013 ₹ 919 Mn).

43. During the year ended March 31, 2013, certain customers have exited from specified tenancies resulting in the Group recovering ₹ 457 Mn from such customers. Further, the Group has provided for revenue equalization reserve and loss in value of fixed assets amounting to ₹ 117 Mn and ₹ 318 Mn (including depreciation charge of ₹ 291 Mn) respectively. The Group considers the aforesaid exit as an exceptional item and has accordingly disclosed the net amount of ₹ 22 Mn as exceptional item.

44. MERGER OF BHARTI INFRATEL VENTURES LIMITED WITH INDUS TOWERS LIMITED

(A)- Accounting as per the Scheme

1) The Scheme of Arrangement (the Scheme) under Section 391 to 394 of the Companies Act, 1956 for transfer of all assets and liabilities as defined in Indus Scheme from Bharti Infratel Ventures Limited (BIVL), wholly owned subsidiary of the Company, Vodafone Infrastructure Limited (formerly known as Vodafone Essar Infrastructure Limited), and Idea Cellular Tower Infrastructure Limited (collectively referred to as 'the transferor companies') to Indus Towers Limited (Indus) was approved by the Hon'ble High Court vide order dated on April 18, 2013 and filed with the Registrar of Companies on June 11, 2013 with appointed date April 1, 2009 i.e. effective date of Scheme and, accordingly, effective June 11, 2013 the transferor companies have ceased to exist and have become part of Indus. The Scheme has, accordingly, been given effect to in the financial statements of Indus and consequently in these consolidated financial statements.

2) The Company in its standalone financial statements was carrying investment in Bharti Infratel Ventures Limited at ₹ 59,921 Mn. Pursuant to the Scheme, the Company has additionally got 504 shares in Indus in lieu of transfer of its investment in Bharti Infratel Ventures Limited to Indus and recorded these additional shares at their fair values of ₹ 60,419 Mn in accordance with the requirements of Accounting Standard-13. The resultant gain of ₹ 385 Mn (net of taxes ₹ 113 Mn) has been disclosed as adjustment to carry forward balance of Statement of Profit and Loss as at April 1, 2009.

3) Indus has given effect of the Scheme and recorded the following in its financial statements:

   a) The assets and liabilities of the transferor companies and their operating results have been incorporated in the books of Indus with effect from April 1, 2009 i.e. the (appointed date).

   b) The assets and liabilities and reserves of the transferor companies as on the appointed date, i.e. April 1, 2009, have been recorded at the fair values and book values respectively, with a corresponding credit to general reserve. The general reserve created pursuant to the Scheme is as follows:

(₹ Millions)

Assets of the transferor companies at their fair value	155,735
Less: Liabilities of the transferor companies at respective book values	(7,419)
Less: Reserves of the transferor companies at respective book values	(74,525)
Less: Equity shares issued to the shareholders of the transferor companies*	-
Amount recognized as General reserve pursuant to merger	73,791

*1,200 equity shares of face value of ₹ 1 each credited as fully paid up have been issued and allotted in terms of the Scheme to equity shareholders of each of the transferor companies, in a manner that the shareholding ratio among the shareholders of Vodafone Infrastructure Limited, BIVL and Idea Cellular Towers Infrastructure Limited remains 42:42:16 respectively in Indus.

Notes to the Consolidated Financial Statements

c) The General reserve created pursuant to the Scheme shall be treated as free reserve for all intents and purposes, as may be decided by the board of directors of Indus, including for amortization of any merger related expenses or losses, issuance of bonus shares, off-setting any additional or accelerated depreciation related to the fixed assets transferred to the Indus pursuant to the Scheme, lease equalization reserve, asset retirement obligations, deferred tax assets or liabilities, other expenses, impairment losses or write-offs and any other permitted purpose and shall form part of the net worth of the Indus. Any impact due to alignment of accounting policies or changes in estimates has been adjusted against the general reserve account created pursuant to the Scheme.

d) The General reserve created pursuant to the Scheme has been utilized as follows:

(i) Impact of accounting policy alignment as on April 1, 2009 in respect of asset retirement obligation, lease equalization reserve, revenue equalization reserve and consequent deferred tax amounting to ₹ 1,702 Mn, ₹ 964 Mn, ₹ 1,113 Mn and ₹ 2,053 Mn respectively.

(ii) Impact of additional depreciation arising between fair value and book value of the assets acquired from transferor companies for the period April 1, 2009 to March 31, 2013 and for the year ended March 31, 2014 amounting to ₹ 20,809 Mn and ₹ 3,980 Mn respectively.

(iii) Impact of additional depreciation on scrap/ obsolete capital assets pertaining to the transferor companies amounting to ₹ 2,628 Mn for the year ended March 31, 2014. Further, impact of additional depreciation on fixed assets lying on certain sites acquired from transferor companies amounting to ₹ 987 Mn for the year ended March 31, 2014.

(iv) Deferred tax assets, MAT asset and current tax payable amounting to ₹ 1,122 Mn have been recognized in general reserve for the year ended March 31, 2014 on account of tax blocks acquired from transferor companies.

e) Balance of general reserve transferred from transferor companies as on April 1, 2009 amounting to ₹ 74,656 Mn has been recorded as an adjustment in general reserve account.

f) Balance of statement of profit and loss transferred from transferor companies as at April 1, 2009 amounting to ₹ 132 Mn (debit balance) and profits of the respective transferor Companies for the period April 1, 2009 till March 31, 2013 amounting to ₹ 12,198 Mn (net off merger related adjustment of ₹ 386 Mn) has been recorded as adjustment in the statement of profit and loss.

The above adjustment has been recorded by the Company to the extent of its proportionate share as follows:

i) Balance of statement of profit and loss transferred as on April 1, 2009 (refer 3f) ₹ 5,124 Mn along with the impact of transferring the cumulative statement of profit and loss balance of BIVL of ₹ (466) Mn has been disclosed as surplus in statement of profit and loss arising out of the Scheme.

ii) Amount transferred to statement of profit and loss on account of additional depreciation on above fair valued assets ₹ 3,190 Mn [refer 3(d) (ii) and 3(d)(iii)].

iii) Net impact of ₹ 889 Mn w.r.t. the following has been disclosed in the general reserve as an adjustment :

(a) Company's proportionate share in general reserve of Indus of ₹ 52,266 Mn (refer note 3(a-f) above);

(b) Reduced by the amount of investment in Indus of ₹ 60,635 Mn; and

(c) Net debit balance of reserves and surplus of BIVL of ₹ 7,480 Mn transferred to Indus.

4) On December 31, 2011, BIVL had acquired certain assets and liabilities relating to certain specified telecom circles from the Company. The liabilities acquired included amounts payable to Indus of ₹ 4,536 Mn. These assets and liabilities have been recorded by Indus at ₹ 4,695 Mn and ₹ 159 Mn respectively and transferred the amounts payable of ₹ 4,536 Mn (42% share of the Company amounting to ₹ 1905 Mn) to capital reserve.

5) In accordance with Scheme of Arrangement approved by the Hon'ble High Court of Delhi and

Notes to the Consolidated Financial Statements

Hon'ble Gujarat High Court of Gujarat on March 29, 2011 and August 27, 2012 respectively, Passive Infrastructure ("PI") assets as at April 1, 2009 were transferred by Vodafone West Limited to its wholly owned subsidiary, Vodafone Infrastructure Limited. Subsequently, Vodafone Infrastructure Limited has amalgamated into Indus Towers Limited with the appointed date of April 1, 2009. The income tax authorities filed a special leave petition with Hon'ble Supreme Court on September 5, 2012 challenging the approval of Hon'ble Gujarat High Court for transfer of PI assets from Vodafone West Limited.

Further, the Income Tax authorities have also filed two appeals before the Division Bench of Hon'ble High Court of Delhi challenging the order dated March 29, 2011 passed by the single judge of Delhi High Court approving scheme of arrangement for transfer of PI assets from Vodafone South Limited, Vodafone Digilink Limited and Vodafone Mobile Services Limited into Vodafone Infrastructure Limited and from the Company to BIVL. The said appeals are pending for condonation of delay in filing by the Hon'ble Court. Both Vodafone Infrastructure Limited and BIVL have amalgamated into Indus Towers Limited with the appointed date of April 1, 2009.

6) The impact of the Scheme being non-cash transaction, has not been considered for disclosure in the cash flow statement for the year ended March 31, 2014.

(B) Consequent to the Scheme as discussed in note 44 A above, Indus has recorded the assets of transferor companies at their respective fair value. The difference between the fair values of assets, the book value of liabilities and reserves as reduced by the face value of shares issued by Indus, amounting to ₹ 62,293 Mn as of April 1, 2009, has been credited to the general reserve account in these consolidated financial statements instead of crediting capital reserve in preference to relevant Indian Generally Accepted Accounting Principles. Further, as per the Scheme, the general reserve so recognised is to be treated as free reserve for all intents and purposes, as may be decided by the Board of Directors of Indus. Accordingly, ₹ 10,254 Mn and ₹ 3,020 Mn has been set-off against general reserve for the period up to March 31, 2013 and for the year ended March 31, 2014, respectively towards additional depreciation on excess of fair values over the original book values of the assets transferred and losses pertaining to assets retired from active use of transferor companies instead of being adjusted to the statement of profit and loss for the respective periods.

45. During the year, the Company has reclassified certain investments in mutual funds as non-current from current investments, based on its plan of utilization of these funds and thereafter, has classified its investments in mutual funds as current and non-current at the time of initial recognition, based on its plan of future utilisation of funds within 12 months and after 12 months, respectively. These investments are reclassified and disclosed at year end based on balance utilization period. Accordingly, the Company has disclosed ₹ 38,460 Mn (March 31, 2013 - ₹ 38,911 Mn) as current and ₹ 36,343 Mn (March 31, 2013 - Nil) as non-current investments as at year end.

46. Other Income includes ₹ 284 Mn relating to earlier periods.

47. Charity and donation includes ₹ 60 Mn (2012 - 2013 – Nil) paid to Satya Electoral Trust for political purposes.

48. Previous year figures have been regrouped/ reclassified where necessary to conform to the current year's classifications. The current year numbers include the impact of the Scheme and accordingly, are not comparable with the previous year numbers.

INFORMATION RELATING TO BHARTI INFRATEL SERVICES LIMITED, SUBSIDIARY COMPANY PURSUANT TO SECTION 212(8) OF THE COMPANIES ACT, 1956

FOR THE FINANCIAL YEAR ENDED ON MARCH 31, 2014

(Amount in ₹ thousands)

Particulars	Bharti Infratel Services Limited
Capital	500
Reserves	(302)
Total Assets	251
Total Liabilities	53
Details of Investment (excluding investment in subsidary	Nil
Turnover	-
Profit / (Loss) before tax	(302)
Provision for taxation	-
Profit after taxation	(302)
Proposed dividend	-

Note:- Total liabilities excludes reserve ans surplus

Standalone Financial Statements with Auditors' Report

INDEPENDENT AUDITORS' REPORT

To

The Members of Bharti Infratel Limited

Report on the Financial Statements

We have audited the accompanying financial statements of Bharti Infratel Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2014, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended March 31, 2014, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with accounting principles generally accepted in India, including the Accounting Standards notified under the Companies Act, 1956, read with General Circular 8/2014 dated April 4, 2014, issued by the Ministry of Corporate Affairs. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. 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 judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Companies Act, 1956 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

(a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2014;

(b) in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and

(c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 (as amended) ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.

2. As required by section 227(3) of the Act, we report that:

(a) We have 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 appears from our examination of those books;

(c) The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;

(d) In our opinion, the Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement comply with the Accounting Standards notified under the Companies Act, 1956, read with General Circular 8/2014 dated April 4, 2014, issued by the Ministry of Corporate Affairs;

(e) On the basis of written representations received from the directors as on March 31, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

For S. R. Batliboi & Co. LLP

Chartered Accountants

Firm Registration No.: 301003E

per **Yogender Seth**

Partner

Membership No: 94524

Place of Signature: New Delhi

Date : April 24, 2014

Annexure referred to in our report of even date

Re: [Bharti Infratel Limited] ('the Company')

(i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.

(b) The Company has a physical verification program of covering all fixed assets once in three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the program, during the year, planned physical verification of certain fixed assets and capital work in progress has been conducted by the management. As informed, no material discrepancies were noticed on such verification.

(c) Fixed assets disposed-off during the year were not substantial and, therefore, do not affect the going concern assumption.

(ii) Considering the nature of business of the Company, provisions of Clause 4 (ii) of the Order pertaining to physical verification of inventory and records maintained for inventory are not applicable to the Company.

(iii) As informed, the Company has neither granted nor taken any loans, secured or unsecured to or from Companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Accordingly, Clauses (iii) (b), (iii) (c) , (iii) (d), (iii) (e), (iii) (f) and (iii) (g) of the Order are not applicable to the Company.

(iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of fixed assets and for the sale of services. During the course of our audit, no major weakness has been noticed in the internal control system in respect of these areas. During the course of our audit, we have not observed any continuing failure to correct major weakness in internal control system of the Company.

Considering the nature of business of the Company, provision of Clause 4 (iv) of the Order to the extent pertaining to internal control system for purchase of inventory and sale of goods is not applicable to the Company.

(v) As informed, there are no parties that require to be listed in the register maintained under Section 301 of the Companies Act, 1956. Therefore, the provisions of Clause 4(v) of the Order are not applicable to the Company and hence not commented upon.

(vi) The Company has not accepted any deposits from the public within the meaning of Section 58A and 58AA of the Companies Act, 1956 and rules framed there under.

(vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.

(viii) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956, related to the provision of telecommunication services, and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained.

(ix) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted and accrued in respect of undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income- tax, service tax, sales-tax, customs duty, cess and other material statutory dues applicable to it are regularly deposited with appropriate authorities.

(b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, investor education and protection fund, employees' state insurance, income-tax, service tax, sales-tax, customs duty, cess and other undisputed statutory dues were outstanding, 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 income-tax, sales-tax, service tax, customs duty and cess on account of any dispute, are as follows:

Name of the statute	Nature of dues	Amount (₹ In Mn)	Period to which amount relates	Forum where the dispute is pending
Income Tax Act	Income Tax	1,605	FY 2008-09 to 2013-14	CIT (Appeals), Assessing Authority
Assam, Bihar, Orissa, Rajasthan, UP, Himachal Pradesh, MP, Chattisgarh, JK Entry Tax Act	Entry Tax	1,412	FY 2007-08 onwards	Supreme Court, High Court, Appellate Authority
MP VAT Act	Sales Tax	708	FY 2009-10	MP High Court
Andhra Pradesh -CST Rules	Sales Tax	3	FY 2008-09	D.C. Appeals
UP VAT Act	Sales Tax	2	FY 2008-09 onwards	D.C. Appeals
Building & Labor Welfare Cess	Building & Labor Welfare Cess	19	FY 2007-08 and 2013-14	Building & Labour Welfare Cess Tribunal

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 mentioned cases, total amount deposited against Income tax and Entry tax are ₹ 1,005 Mn and ₹ 942 Mn respectively.

(x) The Company has no accumulated losses at the end of the financial year and it has not incurred cash losses in the current and immediately preceding financial year.

(xi) The Company did not have any dues to a financial institution, bank or debenture holders outstanding during the year.

(xii) According to the information and explanations given to us and based on the documents and records produced to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

(xiii) In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of Clause 4(xiii) of the Order are not applicable to the Company.

(xiv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of Clause 4(xiv) of the Order are not applicable to the Company.

(xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions.

(xvi) The Company did not have any term loans outstanding during the year.

(xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment.

(xviii) The Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under Section 301 of the Companies Act, 1956.

(xix) The Company did not have any outstanding debentures during the year.

(xx) We have verified that the end use of money raised by public issues is as disclosed in the notes to the financial statements.

(xxi) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations furnished by management, we report that no fraud by the Company and no material fraud on the Company has been noticed or reported during the year.

For S. R. Batliboi & Co. LLP

Chartered Accountants
Firm Registration No.: 301003E

per **Yogender Seth**
Partner
Membership No: 94524

Place of Signature: New Delhi
Date : April 24, 2014

Balance Sheet as at March 31, 2014

(₹ Millions)

Particulars	Notes	As at March 31, 2014	As at March 31, 2013
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	3	18,893	18,887
Reserves and surplus	4	158,593	157,837
		177,486	176,724
Non-current liabilities			
Deferred tax liabilities (net)	5	4,330	4,087
Other long-term liabilities	6	14,074	4,777
Long-term provisions	7	3,387	3,275
		21,791	12,139
Current liabilities			
Trade payables	8	1,459	1,687
Other current liabilities	9	12,933	21,679
Short-term provisions	10	9,815	6,708
		24,207	30,074
Total equity and liabilities		**223,484**	**218,937**
ASSETS			
Non-current assets			
Fixed assets	11		
Tangible assets		66,826	71,097
Intangible assets		29	19
Capital work-in-progress		522	771
Non-current investments	12	96,761	59,922
Long-term loans and advances	13	3,214	5,221
Other non-current assets	14	15,153	12,311
		182,505	149,341
Current assets			
Current investments	15	33,670	37,021
Trade receivables	16	2,774	2,045
Cash and bank balances	17	474	772
Short-term loans and advances	18	2,737	28,276
Other current assets	19	1,324	1,482
		40,979	69,596
Total assets		**223,484**	**218,937**

Summary of significant accounting policies 2.1

The accompanying notes form an integral part of the financial statements

As per our report of even date

For S. R. Batliboi & Co. LLP
Firm Registration No.: 301003E
Chartered Accountants

per **Yogender Seth**
Partner
Membership No: 94524

Place : New Delhi
Date : April 24, 2014

For and on behalf of the board

Akhil Gupta
Chairman

D S Rawat
Managing Director & CEO

Anupam Garg
Company Secretary

Pankaj Miglani
Chief Financial Officer

Statement of Profit and Loss for the year ended March 31, 2014

(₹ Millions, except per share data)

Particulars	Notes	Year ended March 31, 2014	Year ended March 31, 2013
INCOME			
Revenue from operations	20	49,993	44,601
Other income (refer note 45)	21	5,302	6,810
		55,295	51,411
EXPENSES			
Power and fuel	22	19,537	16,942
Rent	23	2,492	2,382
Employee benefits expenses	24	2,151	2,087
Other expenses	25	4,927	5,670
		29,107	27,081
Earnings before interest, tax, depreciation and amortization and charity and donation		**26,188**	**24,330**
Depreciation and amortization expense	26	11,751	11,888
Less: Adjusted with general reserve in accordance with the Scheme of arrangement with Bharti Airtel Limited (refer note 41)		(737)	(802)
		11,014	11,086
Finance costs	27	91	7
Charity and donation	46	117	52
		11,222	11,145
Profit before exceptional items and tax		14,966	13,185
Exceptional items (refer note 43)		-	(31)
Profit before tax		**14,966**	**13,216**
Tax expenses			
Current tax (includes MAT utilisation)	5	3,937	2,993
Deferred tax	5	130	125
Total tax expense		4,067	3,118
Profit for the year		**10,899**	**10,098**
Earnings per equity share (nominal value of share ₹ 10 each, March 31, 2013- ₹ 10 each)	28		
Basic		5.770	5.666
Diluted		5.757	5.653

Summary of significant accounting policies 2.1

The accompanying notes form an integral part of the financial statements

As per our report of even date

For S. R. Batliboi & Co. LLP
Firm Registration No.: 301003E
Chartered Accountants

per **Yogender Seth**
Partner
Membership No: 94524

Place : New Delhi
Date : April 24, 2014

For and on behalf of the board

Akhil Gupta
Chairman

D S Rawat
Managing Director & CEO

Anupam Garg
Company Secretary

Pankaj Miglani
Chief Financial Officer

Cash Flow Statement for the year ended March 31, 2014

(₹ Millions)

Particulars	Year ended March 31, 2014	Year ended March 31, 2013
Cash flows from operating activities		
Profit before taxation	14,966	13,216
Adjustments for -		
Depreciation and amortization expense	11,014	11,086
Interest income	(1,011)	(1,861)
Dividend income	(3,096)	(4,160)
Finance cost	91	1
Net gain on sale of current investments	(12)	(532)
Employee stock compensation expense	47	106
Revenue equalization	(1,846)	(2,126)
Rent equalization	151	199
Provision for doubtful debts and advances	124	251
Termination charges for contract cancellation	11	-
Provision for capital work in progress	(18)	(54)
Loss / (profit) on sale of fixed assets (net)	(735)	(205)
Operating profit before changes in assets and liabilities	**19,685**	**15,921**
Increase / (Decrease) in trade payables	(228)	244
Increase / (Decrease) in other current liabilities	(8,018)	2,062
Increase / (Decrease) in short-term provisions	10	8
Increase / (Decrease) in other long-term liabilities	9,146	(776)
Increase / (Decrease) in long-term provisions	18	10
(Increase) / Decrease in trade receivables	(779)	293
(Increase) / Decrease in short-term loans and advances	1,121	9,278
(Increase) / Decrease in other current assets	(8)	(1,332)
(Increase) / Decrease in long-term loans and advances	(86)	(119)
(Increase) / Decrease in other non-current assets	(996)	(204)
Cash generated from operations	**19,865**	**25,385**
Income tax paid (net of refunds)	(1,708)	(2,957)
Net cash flow from operating activities (A)	**18,157**	**22,428**
Cash flows from investing activities		
Purchase of fixed assets	(7,700)	(9,030)
Proceeds from sale of fixed assets	994	369
Loan given to parent company	-	(13,500)
Loan repaid by parent company	22,990	3,670
Loan given to subsidiary company	-	(1,150)
Loan repaid by subsidiary company	1,363	400
Purchase of investments (refer note 42)	(101,983)	(109,723)
Proceeds from sale of investments	68,908	74,035
Interest received	1,188	1,724
Dividend received	3,096	4,160
Net cash flow / (used in) investing activities (B)	**(11,144)**	**(49,045)**

(₹ Millions)

Particulars	Year ended March 31, 2014	Year ended March 31, 2013
Cash flows from financing activities		
Repayment of borrowings	-	(1)
Proceeds from issue of shares	-	32,303
Share issue expenses	-	(771)
Proceeds from exercise of stock options	57	11
Interest paid	(6)	(1)
Dividend paid	(5,666)	(4,356)
Tax on dividend paid	(963)	(707)
Net cash flow from/(used in) financing activities (C)	**(6,578)**	**26,478**
Net increase/(decrease) in cash and cash equivalents during the year (A+B+C)	435	(139)
Cash and cash equivalents at the beginning of the year	39	178
Cash and cash equivalents at the end of the year (refer note 17)	**474**	**39**
Components of cash and bank balances		
Cash and cash equivalents		
Balance with scheduled banks:		
Current account	211	39
Cheques in hand	13	-
Fixed deposits with maturity less than three months	250	-
Total cash and cash equivalents	**474**	**39**
Other bank balances		
Earmarked balances with banks	-	733
Total cash and bank balances	**474**	**772**
Summary of significant accounting policies	2.1	

The accompanying notes are an integral part of the financial statements

Notes:

1. The above cash flow statement has been prepared under the indirect method set out in AS-3 'Cash Flow Statements' notified pursuant to the Companies (Accounting Standards) Rules, 2006 (as amended) read with General Circular 8/2014 dated April 4, 2014 issued by the Ministry of Corporate Affairs.
2. Figures in brackets indicate cash outflow.

As per our report of even date

For S. R. Batliboi & Co. LLP
Firm Registration No.: 301003E
Chartered Accountants

per **Yogender Seth**
Partner
Membership No: 94524

Place : New Delhi
Date : April 24, 2014

For and on behalf of the board

Akhil Gupta
Chairman

D S Rawat
Managing Director & CEO

Anupam Garg
Company Secretary

Pankaj Miglani
Chief Financial Officer

Notes to the Financial Statements

1. CORPORATE INFORMATION

Bharti Infratel Limited ('the Company' or 'BIL') incorporated on November 30, 2006 with the object of, inter-alia, setting up, operating and maintaining wireless communication towers. The Company received the certificate of commencement of business on April 10, 2007 from the Registrar of Companies. The Registered office of the Company is situated at Bharti Crescent, 1, Nelson Mandela Road, Vasant Kunj, Phase – II, New Delhi – 110070.

The Company has entered into a joint venture agreement with Vodafone India Limited and Aditya Birla Telecom Limited to provide passive infrastructure services in 15 telecom circles of India and formed Indus Towers Limited for such purpose. The Company and Vodafone India Limited are holding approximately 42% each in Indus Towers Limited and the balance 16% is held by Aditya Birla Telecom Limited. Indus Towers Limited is incorporated in India.

Bharti Infratel Limited is publically traded on the National Stock Exchange and Bombay Stock Exchange India.

The wholly owned subsidiary company, Bharti Infratel Services Limited, has been incorporated on June 4, 2013 with the object of providing operation and management services of all kinds in the field of telecom infrastructure (both active and passive), telecom equipments, wireless communication towers, either on its own or in alliance with any other Person/Body/Bodies Corporate incorporated in India or abroad.

2. BASIS OF PREPARATION

The financial statements of the Company have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP). The Company has prepared these financial statements to comply in all material respects with the accounting standards notified under the Companies (Accounting Standards) Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 1956, read with General Circular 8/2014 dated April 4, 2014 issued by the Ministry of Corporate Affairs. The financial statements have been prepared under the historical cost convention on an accrual basis except in case of assets for which fair valuation is carried out. The accounting policies adopted in the preparation of financial statements are consistent with those of previous year.

2.1 Summary of significant accounting policies

a. Use of estimates

The preparation of financial statements is in conformity with generally accepted accounting principles in India (Indian GAAP) and requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

b. Tangible fixed assets

Fixed assets are stated at cost of acquisition, except for assets acquired under the Scheme of Arrangement from Bharti Airtel Limited (refer note 41), which are stated at fair values as per the Scheme, net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises cost of acquisition, including taxes and duties (net of CENVAT credit), freight and other incidental expenses related to acquisition and installation.

Site restoration cost obligations are capitalized when it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made.

Subsequent expenditure related to an item of fixed asset is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance. All other expenses on existing fixed assets, including day-to-day repair and maintenance expenditure are charged to the statement of profit and loss for the year during which such expenses are incurred.

Gains or losses arising from de-recognition of fixed assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized.

Notes to the Financial Statements

c. Depreciation on tangible fixed assets

Depreciation on fixed assets is calculated on a straight-line basis using the rates arrived at based on the useful lives estimated by the management, or those prescribed under the Schedule XIV to the Companies Act, 1956, whichever is higher. The Company has used the following lives to provide depreciation on its fixed assets:

	Useful lives
Plant and machinery	3 to 20 years
Furniture and fixtures	5 years
Vehicles	5 years
Office equipments	2 years/ 5 years
Computers	3 years
Leasehold improvements	Period of lease or useful life, whichever is less

The site restoration cost obligation capitalized as part of plant and machinery is depreciated over the year of the useful life of the related asset.

d. Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any. Software is capitalized at the amounts paid to acquire the respective license for use and is amortized over the period of licence, generally not exceeding three years.

Amortization is recognized in statement of profit and loss on a straight-line basis over the estimated useful economic lives of intangible assets from the date they are available for use. The amortization period and the amortization method are reviewed at each balance sheet date. If the expected useful life of the asset is significantly different from previous estimates, the amortization period is changed accordingly.

Gains or losses arising from de-recognition of intangible assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized.

e. Leases

Where the Company is lessee

Finance leases, which effectively transfer to the Company substantially all the risks and benefits incidental to ownership of the leased asset, are capitalized at the inception of the lease term at the lower of the fair value of the leased asset and present value of minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized as finance costs in the statement of profit and loss.

A leased asset is depreciated on a straight-line basis over the useful life of the asset or the useful life envisaged in Schedule XIV to the Companies Act, 1956, whichever is lower. However, if there is no reasonable certainty that the Company will obtain the ownership by the end of the lease term, the capitalized asset is depreciated on a straight-line basis over the shorter of the estimated useful life of the asset, the lease term or the useful life envisaged in Schedule XIV to the Companies Act, 1956.

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item are classified as operating leases. Operating lease payments are recognized as an expense in the statement of profit and loss on a straight-line basis over the non-cancellable lease term.

Where the Company is lessor

Leases in which the Company does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Assets subject to operating leases are included in fixed assets. Lease income on an operating lease is recognized in the statement of profit and loss on a straight-line basis over the non-cancellable lease term. Costs, including depreciation, are recognized as an expense in the statement of profit and loss.

Notes to the Financial Statements

f. Borrowing costs

Borrowing costs include interest, amortization of ancillary costs incurred in connection with the arrangement of borrowings and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost.

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur.

g. Impairment of tangible and intangible assets

The carrying amounts of assets are reviewed at each balance sheet date for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the assets' carrying amount exceeds its recoverable amount. The recoverable amount is the higher of the assets' fair value less costs to sell and value in use. Impairment losses are recognized in the statement of profit and loss under the caption depreciation and amortization expense.

For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units).

h. Investments

Investments, which are readily realizable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as non-current investments.

Current investments are carried in the financial statements at lower of cost and fair value determined on an individual investment basis. Non-current investments are carried at cost, except for investment in Bharti Infratel Ventures Limited (BIVL) or Indus Towers Limited (Indus), which is stated at fair value as per the BIVL or Indus Scheme of Arrangement respectively (refer note 42). However, provision for diminution in value is made to recognize a decline other than temporary in the value of the investments.

On disposal of an investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the statement of profit and loss.

i. Revenue recognition and receivables

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

Revenues

Revenues include revenue from the use of sites and energy charges received from customers. Revenue is recognized as and when services are rendered. If the payment terms in the service agreements include fixed escalations, the effect of such increases is recognized on a straight-line basis over the fixed, non-cancellable term of the agreement, as applicable.

Unbilled receivables represent revenues recognized from the last invoice raised to customer to the period end. These are billed in subsequent periods based on the terms of agreement with the customers. The Company collects service tax on behalf of the Government of India and therefore, it is not an economic benefit flowing to the Company. Hence it is excluded from revenue.

Interest

Interest income is recognized on a time proportion basis taking into account the amount outstanding and the applicable interest rate. Interest income is included under the head "other income" in the statement of profit and loss.

Dividends

Dividend income is recognized when the Company's right to receive dividend is established by the reporting date.

Notes to the Financial Statements

Provision for doubtful debts

The Company provides for amounts outstanding for more than 105 days from the invoice date in case of site sharing debtors other than from the Bharti Airtel Limited (Parent Company) or in specific cases where management is of the view that the amounts for certain customers are not recoverable.

j. Foreign currency transactions and balances

Initial recognition

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

Conversion

Foreign currency monetary items are retranslated using the exchange rate prevailing at the reporting date. Non-monetary items, which are measured in terms of historical cost denominated in a foreign currency, are reported using the exchange rate at the date of the transaction. Non-monetary items, which are measured at fair value or other similar valuation denominated in a foreign currency, are translated using the exchange rate at the date when such value was determined.

Exchange differences

Exchange differences arising on settlement of monetary items or on restatement of the Company's monetary items at rates different from those at which they were initially recorded during the period, or reported in previous financial statements, are taken to the statement of profit and loss.

k. Retirement and other employee benefits

Short term employee benefits are recognized in the period during which the services have been rendered.

All employees of the Company are entitled to receive benefits under the provident fund, which is a defined contribution plan. Contribution to provident fund is recognized as and when the services are rendered. Both the employee and the employer make monthly contributions to the plan at a predetermined rate of the employees' basic salary. These contributions are made to the fund administered and managed by the Government of India. In addition, some employees of the Company are covered under the employees' state insurance schemes, which are also defined contribution schemes recognized and administered by the Government of India.

The Company's contributions to both these schemes are expensed in the statement of profit and loss. The Company has no further obligations under these plans beyond its monthly contributions.

The Company provides for Gratuity obligations through a defined benefit retirement plan covering all employees. The cost of providing benefits under this plan is determined on the basis of actuarial valuation at each reporting period end. Actuarial valuation is carried out using the projected unit credit method. Actuarial gains and losses are recognized in full in the period in which they occur in the statement of profit and loss.

The Company also provides other benefits in the form of deferred compensation and compensated absences. The employees of the Company are entitled to compensated absences based on the unavailed leave balance as well as other long term benefits. The Company records liability based on actuarial valuation computed under projected unit credit method. Actuarial gains / losses are immediately taken to the statement of profit and loss and are not deferred. The Company presents the entire leave encashment liability as a current liability in the balance sheet, since the Company does not have an unconditional right to defer its settlement for more than 12 months after the reporting date.

l. Income taxes

Tax expense comprises current and deferred tax.

Current income-tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act, 1961 enacted in India and tax laws prevailing in the respective tax jurisdiction where the Company operates. The tax rates and tax laws used to compute the amount

Notes to the Financial Statements

are those that are enacted at the reporting date. Current income tax relating to items recognized directly in equity is recognized in equity and not in the statement of profit and loss.

Deferred income taxes reflect the impact of timing differences between taxable income and accounting income originating during the current year and reversal of timing differences for the earlier years. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted at the reporting date. Deferred income tax relating to items recognized directly in equity is recognized in equity and not in the statement of profit and loss.

Deferred tax liabilities are recognized for all taxable timing differences. Deferred tax assets are recognized for deductible timing differences only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. In situations where the Company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that they can be realized against future taxable profits.

At each reporting date, the Company re-assesses unrecognized deferred tax assets. It recognizes unrecognized deferred tax asset to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realized.

The carrying amount of deferred tax assets are reviewed at each reporting date. The Company writes-down the carrying amount of deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realized. Any such write down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set-off current tax assets against current tax liabilities and the deferred tax assets and deferred tax liabilities relate to the same taxable entity and the same taxation authority.

Minimum alternate tax (MAT) paid in a year is charged to statement of the profit and loss as current tax. The Company recognizes MAT credit available as an asset only to the extent that there is convincing evidence that the Company will pay normal income tax during the specified period, i.e. the period for which MAT credit is allowed to be carried forward. In the year in which the Company recognizes MAT credit as an asset in accordance with the Guidance Note on Accounting for Credit Available in respect of Minimum Alternative Tax under the Income-tax Act, 1961, the said asset is created by way of credit to the statement of profit and loss and shown as "MAT Credit Entitlement". The Company reviews the "MAT credit entitlement" asset at each reporting date and writes down the asset to the extent the Company does not have convincing evidence that it will pay normal tax during the specified period.

m. Employee stock compensation cost

Employees of the Company receive remuneration in the form of share based payment transactions, whereby employees render services as consideration for options to buy equity instruments (equity-settled transactions).

In accordance with the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, the cost of equity-settled transactions is measured using the Black-Scholes / Lattice Valuation option pricing model and the fair value is recognized as an expense over the period in which the options vest, on a straight line basis, together with a corresponding increase in the "Stock options outstanding account" in reserves. The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company's best estimate of the

Notes to the Financial Statements

number of options to buy equity instruments that will ultimately vest. The expense or credit recognized in the statement of profit and loss for a period represents the movement in cumulative expense recognized as at the beginning and end of that period and is recognized in employee benefits expense.

Where the terms of an equity-settled transaction award are modified, the minimum expense recognized is the expense as if the terms had not been modified, if the original terms of the award are met. An additional expense is recognized for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification.

For cash-settled share-based payments, a liability is recognized for the services acquired, measured initially at the fair value of the liability. At the end of each reporting period until the liability is settled, and at the date of settlement, the fair value of the liability is remeasured, with any changes in fair value recognized in the statement of profit and loss for the year with a corresponding change in liabilities.

n. Earnings per share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

o. Provisions

A provision is recognized when the Company has a present obligation as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates.

p. Contingent liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

q. Cash and cash equivalents

Cash and cash equivalents for the purposes of cash flow statement comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.

r. Measurement of EBITDA

As permitted by the Guidance Note on the Revised Schedule VI to the Companies Act, 1956, the Company has elected to present earnings before interest, tax, depreciation and amortization (EBITDA) as a separate line item on the face of the statement of profit and loss. In its measurement, the Company does not include depreciation and amortization expense, finance costs, charity and donation and tax expense.

Notes to the Financial Statements

3. SHARE CAPITAL

(₹ Millions)

Particulars	As at March 31, 2014	As at March 31, 2013
Authorised shares		
3,500,000,000 (March 31, 2013 - 3,500,000,000) equity shares of ₹ 10 each	**35,000**	**35,000**
Issued, subscribed and fully paid-up shares		
1,889,301,113 equity shares of ₹ 10 each fully paid up (March 31, 2013 - 1,888,743,054 equity shares of ₹ 10 each)	18,893	18,887
	18,893	**18,887**

a. Reconciliation of the equity shares outstanding at the beginning and at the end of the reporting period:

Particulars	As at March 31, 2014		As at March 31, 2013	
	No.	**₹ Millions**	**No.**	**₹ Millions**
At the beginning of the year	1,888,743,054	18,887	580,802,910	5,808
Issued during the year-Bonus issue	-	-	1,161,605,820	11,616
Issued during the year-Initial public offer	-	-	146,234,112	1,462
Issued during the year- ESOP	558,059	6	100,212	1
Outstanding at the end of the year	**1,889,301,113**	**18,893**	**1,888,743,054**	**18,887**

During the year ended March 31, 2013, the Company made an Initial Public Offering (IPO) through book building process of 188,900,000 equity shares of ₹ 10 each in December 2012. The issue comprised of fresh issue of 146,234,112 equity shares and offer for sale of 42,665,888 equity shares by the existing shareholders. The Company has raised ₹ 32,303 Mn from fresh issue of shares and incurred share issue expenses of ₹ 771 Mn (net of tax - ₹ 527 Mn, which have been adjusted with securities premium account in line with requirements of Section 78 of Companies Act, 1956). The Company's equity shares got listed on December 28, 2012 on both the Stock Exchanges (Bombay Stock Exchange & National Stock Exchange).

b. Terms/ rights attached to equity shares:

The Company has only one class of equity shares having par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividend in Indian rupees.

On April 24, 2014, the Board of Directors have proposed a dividend of ₹ 4.40 per equity share (March 31, 2013 – interim dividend of ₹ 2.50 per equity share and final dividend of ₹ 3 per equity share) to all the existing shareholders for the year ended March 31, 2014. The dividend proposed by the Board of Directors is subject to approval by the shareholders in the ensuing general meeting.

Notes to the Financial Statements

c. Shares held by holding company:

Particulars	As at March 31, 2014		As at March 31, 2013	
	No.	₹ Millions	No.	₹ Millions
Bharti Airtel Limited	1,500,000,000	15,000	1,500,000,000	15,000

d. Aggregate number of bonus shares issued and shares issued for consideration other than cash during the period of five years immediately preceding the reporting date:

During the year ended March 31, 2009, the Company allotted 540,445,950 equity shares as fully paid bonus shares by capiatlization of securities premium account.

During the year ended March 31, 2013, the Company further allotted 1,161,605,820 equity shares as fully paid bonus shares by capiatlization of securities premium account.

During the year ended March 31, 2014, the Company allotted 558,059 equity shares (2012-13 - 100,212 equity shares) of ₹ 10 each to its employees on exercise of stock options under the Employee Stock Option Plan 2008 wherein part consideration was received in form of employee services (refer note 30).

e. Details of shareholders holding more than 5% shares in the Company:

Particulars	As at March 31, 2014		As at March 31, 2013	
	No.	% holding	No.	% holding
Equity shares of ₹ 10 each fully paid				
Bharti Airtel Limited	1,500,000,000	79.39	1,500,000,000	79.42

f. Shares reserved for issue under options:

For details of shares reserved for issue under the employee stock option plan (ESOP) of the Company. For details refer note 30.

Notes to the Financial Statements

4. RESERVES AND SURPLUS

(₹ Millions)

Particulars	Securities premium account	Employee stock options outstanding	General reserve	Surplus/ (deficit) in the statement of profit and loss	Total
As at April 1, 2012	47,585	1,552	78,474	14,158	141,769
Profit for the year	-	-	-	10,098	10,098
Add: addition during the year [note 3(a)]	30,865	-	-	-	30,865
Less: utilization towards share issue expenses [note 3(a)]	(527)	-	-	-	(527)
Less: utilization during the year for bonus issue [note 3(d)]	(11,616)	-	-	-	(11,616)
Less: amount transferred to statement of profit and loss during the year in accordance with the Scheme of arrangement with Bharti Airtel Limited (note 41)	-	-	(919)	-	(919)
Less: Appropriations					
Interim dividend on equity shares (amount ₹ 2.5 per share)	-	-	-	(4,356)	(4,356)
Tax on Interim dividend on equity shares	-	-	-	(707)	(707)
Proposed dividend on equity shares (amount ₹ 3 per share)	-	-	-	(5,666)	(5,666)
Tax on proposed final dividend on equity shares	-	-	-	(963)	(963)
Transfer to general reserve	-	-	2,426	(2,426)	-
Add: amount transferred from stock options outstanding	-	-	71	-	71
Add: gross compensation for options granted during the year	-	9	-	-	9
Less: gross compensation for options forfeited/ exercised during the year	-	(135)	-	-	(135)
	66,307	1,426	80,052	10,138	157,923
Less: deferred employee stock compensation	-	(86)	-	-	(86)
As at March 31, 2013	**66,307**	**1,340**	**80,052**	**10,138**	**157,837**
As at April 1, 2013	**66,307**	**1,426**	**80,052**	**10,138**	**157,923**
Profit for the year	-	-	-	10,899	10,899
Add: Gain on disposal of subsidairy as on April 1, 2009 (note 42)	-	-	-	385	385
Less: amount transferred to statement of profit and loss during the year in accordance with the Scheme of arrangement with Bharti Airtel Limited (note 41)	-	-	(893)	-	(893)
Less: Appropriations					
Proposed dividend on equity shares (amount ₹ 4.40 per share)*	-	-	-	(8,313)	(8,313)
Tax on proposed final dividend on equity shares	-	-	-	(1,413)	(1,413)
Add: amount transferred from stock options outstanding	142	-	-	-	142
Less: gross compensation for options forfeited/ exercised during the year	-	(113)	-	-	(113)
	66,449	1,313	79,159	11,696	158,617
Less: deferred employee stock compensation	-	(24)	-	-	(24)
As at March 31, 2014	**66,449**	**1,289**	**79,159**	**11,696**	**158,593**

*The Company, based on an independent legal opinion, has determined that the provisions of the Companies Act, 2013 apply to the proposed dividend for the year ended March 31, 2014, as it would be declared and paid after April 1, 2014. Accordingly, it has not transferred any amount to the general reserve for the proposed dividend.

Notes to the Financial Statements

5. DEFERRED TAX LIABILITIES (NET)

(₹ Millions)

Particulars	As at March 31, 2014	As at March 31, 2013
Deferred tax liability		
Depreciation claimed as deduction under Income Tax Act but chargable in the financial statements in future years	1,670	2,069
Revenue equalization (net) charged in financial statements but allowed as deduction under the Income Tax Act in future years on actual payment basis	3,950	3,374
Gain on disposal of subsidiary (refer note 42)	113	-
Gross deferred tax liability	**5,733**	**5,443**
Deferred tax asset		
Provision for doubtful debts/ advances charged in financial statements but allowed as deduction under the Income Tax Act in future years (to the extend considered realisable)	563	521
Expenses allowed as deduction under Sec 35D of Income Tax Act in future years	242	242
Other expenses claimed as deduction in the financial statements but allowed as deduction under Income Tax Act in future year on actual payment (net)	598	593
Gross deferred tax asset	**1,403**	**1,356**
Net deferred tax liability	**4,330**	**4,087**

Current tax expense includes reversal of ₹ 48 Mn (2012 - 2013 – Nil) relating to earlier periods. Deferred tax expense includes ₹ 66 Mn (2012 - 2013 – Nil) relating to earlier periods.

As of March 31, 2014 the above deferred tax assets and liabilities have been calculated using substantively enacted rates of 33.99% as per Finance Bill 2014.

6. OTHER LONG-TERM LIABILITIES

(₹ Millions)

Particulars	As at March 31, 2014	As at March 31, 2013
Security deposits received	3,289	3,296
Lease equalization	1,536	1,384
Unearned revenue	76	97
Payable to Joint Venture company	9,173	-
	14,074	**4,777**

"Security deposits received" include ₹ 1,852 Mn (March 31, 2013 - ₹ 2,208 Mn) received from related parties. For details, refer note 34.

Notes to the Financial Statements

7. LONG-TERM PROVISIONS

(₹ Millions)

Particulars	As at March 31, 2014	As at March 31, 2013
Provision for employee benefits		
Gratuity (refer note 29)	68	52
Long-term service award (refer note 29)	12	10
Others	13	-
	93	62
Asset retirement obligation (refer note 32)	3,294	3,213
	3,387	**3,275**

8. TRADE PAYABLES

(₹ Millions)

Particulars	As at March 31, 2014	As at March 31, 2013
Trade creditors (Refer Note 38 for details of dues to micro and small enterprises)	1,459	1,687
	1,459	**1,687**

"Trade creditors" include ₹ 309 Mn (March 31, 2013 - ₹ 415 Mn) payable to parent, fellow subsidiary and joint venture company. For details, refer note 34.

9. OTHER CURRENT LIABILITIES

(₹ Millions)

Particulars	As at March 31, 2014	As at March 31, 2013
Equipment supply payables	2,602	2,745
Dues to employees	199	189
Accrued expenses	9,858	8,900
Other taxes payable	56	92
Contribution to employee funds	10	9
Unearned revenue	22	22
Security deposit	186	72
Payable to subsidiary company	-	9,650
	12,933	**21,679**

"Security deposit" includes ₹ 60 Mn (March 31, 2013 - ₹ Nil) received from related parties and "Accrued expenses" include ₹ 174 Mn (March 31, 2013 - ₹ 125 Mn) payable to joint venture company. For details, refer note 34.

Notes to the Financial Statements

10. SHORT-TERM PROVISIONS

(₹ Millions)

Particulars	As at March 31, 2014	As at March 31, 2013
Provision for employee benefits (refer note 29)		
Gratuity	28	23
Leave encashment	61	56
Proposed dividend [refer note 3 (b)]	8,313	5,666
Tax on proposed dividend	1,413	963
	9,815	**6,708**

11. FIXED ASSETS

(₹ Millions)

Particulars	Land	Plant and equipment	Office furniture and equipment	Vehicles	Computers	Leasehold improvements	Tangible assets Total	Computer Software	Intangible assets Total
Cost									
As at April 1, 2012	5	109,304	68	6	623	236	110,242	220	220
Additions	-	10,557	32	-	34	40	10,663	3	3
Disposals	-	(1,817)	-	-	-	-	(1,817)	-	-
As at March 31, 2013	**5**	**118,044**	**100**	**6**	**657**	**276**	**119,088**	**223**	**223**
Additions	-	7,941	29	-	44	-	8,014	30	30
Disposals/Adjustment	-	(4,586)	-	-	-	(10)	(4,596)	-	-
As at March 31, 2014	**5**	**121,399**	**129**	**6**	**701**	**266**	**122,506**	**253**	**253**
Depreciation									
As at April 1, 2012	-	36,821	34	3	519	67	37,444	155	155
Charge for the year	-	11,923	21	1	99	39	12,083	49	49
Disposals	-	(1,536)	-	-	-	-	(1,536)	-	-
As at March 31, 2013	**-**	**47,208**	**55**	**4**	**618**	**106**	**47,991**	**204**	**204**
Charge for the year	-	11,614	30	-	53	34	11,731	20	20
Disposals/Adjustment	-	(4,042)	-	-	-	-	(4,042)	-	-
As at March 31, 2014	**-**	**54,780**	**85**	**4**	**671**	**140**	**55,680**	**224**	**224**
Net block									
As at March 31, 2014	**5**	**66,619**	**44**	**2**	**30**	**126**	**66,826**	**29**	**29**
As at March 31, 2013	**5**	**70,836**	**45**	**2**	**39**	**170**	**71,097**	**19**	**19**

"Charge for the year" for 2012-13 includes depreciation of ₹ 244 Mn considered under exceptional items in the statement of profit and loss. For details, refer note 43.

"Plant and equipment" comprise of assets given on operating lease. For details, refer note 31(b).

Depreciation charge for the year includes ₹ 1,149 Mn (2012 - 2013 - ₹ 1,307 Mn) provided for loss with respect to assets not in active use.

Notes to the Financial Statements

12. NON-CURRENT INVESTMENTS (REFER NOTE 44)

(₹ Millions)

Particulars	As at March 31, 2014	As at March 31, 2013
Trade investments - unquoted		
Investment in equity		
Subsidiary - Bharti Infratel Venture Limited: Nil (March 31, 2013 - 50,000) equity shares of ₹ 10 each fully paid up (refer note 42)	-	59,921
Joint venture - Indus Towers Limited: 500,504 (March 31, 2013 - 500,000) equity shares of ₹ 1 each fully paid up (refer note 42)	60,419	0.5
Subsidiary - Bharti Infratel Services Limited: 50,000 (March 31, 2013 - Nil) equity shares of ₹ 10 each fully paid up (refer note 1)	0.5	-
Other investments - unquoted		
Investments in mutual funds	36,342	-
	96,761	**59,922**

Details of investments in mutual funds are provided below:

(₹ Millions)

Particulars	As at March 31, 2014		As at March 31, 2013	
	Unit No.	Amount	Unit No.	Amount
Birla Sun Life Income Plus - Growth Regular Plan	81,531,569	4,488	-	-
Birla Sun Life Cash Plus- Instl. Prem.-Daily Dividend	4,491,242	450	-	-
Birla Sun Life short term opportunities fund -retail growth	86,393,736	1,730	-	-
DSP Black Rock Strategic Bond Fund-Institutional Plan-Growth	1,444,248	2,000	-	-
DWS Insta Cash Plus Fund Super Institutional Plan - Daily Dividend	4,984,846	500	-	-
HDFC Income Fund Growth	107,530,992	2,994	-	-
ICICI Prudential Income -Regular Plan - Growth	187,283,332	7,024	-	-
ICICI Prudential Liquid Plan - Regular Daily Dividend	10,994,470	1,100	-	-
IDFC Super Saver Income Fund-Investment Plan-Growth-(Regular Plan)	85,232,890	2,497	-	-
JM High liquidity Fund-Daily Dividend Option	95,875,439	1,000	-	-
JPMorgan India Active Bond Fund Retail GR	113,207,547	1,499	-	-
JPMorgan India Liquid Fund Super Inst.Daily Dividend	23,135,452	232	-	-
Kotak Bond Scheme Plan A-Growth	99,181,891	3,488	-	-
L&T Liquid Fund Daily Dividend Reinvestment Plan	494,249	500	-	-
Reliance Income Fund-Growth Plan-Growth Option	74,551,202	2,992	-	-
Reliance Interval Fund - Quarterly Plan - Series I - Growth Plan Growth Option	20,378,220	350	-	-
Templeton India Income Biulder Account Plan A- Growth	48,224,495	1,999	-	-
UTI Bond Fund - Growth Plan - Regular	41,865,468	1,499	-	-
Total	**1,086,801,288**	**36,342**	**-**	**-**

Notes to the Financial Statements

13. LONG-TERM LOANS AND ADVANCES

(₹ Millions)

Particulars	As at March 31, 2014	As at March 31, 2013
Unsecured, considered good unless otherwise stated		
Capital advances		
Unsecured, considered good	4	30
Unsecured, considered doubtful	38	29
Less: Provision	(38)	(29)
	4	30
Security deposits		
Unsecured, considered good	1,017	944
Unsecured, considered doubtful	49	22
Less: Provision	(49)	(22)
	1,017	944
Other loans and advances		
Advance income-tax [net of provision for taxation of ₹ 9,595 Mn (March 31, 2013 - ₹ 5,833 Mn)]	2,191	4,245
Advance fringe benefit tax (net of provision)	2	2
	3,214	**5,221**

14. OTHER NON-CURRENT ASSETS

(₹ Millions)

Particulars	As at March 31, 2014	As at March 31, 2013
Unsecured, considered good unless otherwise stated		
Revenue equalization	13,206	11,360
Others, considered good	1,947	951
Others, considered doubtful	13	9
Less: Provision	(13)	(9)
	1,947	951
	15,153	**12,311**

"Others" comprise of payments made under protest to the Government authorities. For details, refer note 36(ii).

Notes to the Financial Statements

15. CURRENT INVESTMENTS (REFER NOTE 44)

(₹ Millions)

Particulars	As at March 31, 2014	As at March 31, 2013
Current investments (at lower of cost or market value)		
Investments in mutual funds - unquoted	33,670	37,021
	33,670	**37,021**

Details of current investments are provided below:

(₹ Millions)

Particulars	As at March 31, 2014		As at March 31, 2013	
	Unit No.	Amount	Unit No.	Amount
Axis Liquid Fund - Daily Dividend	205,010	205	357,263	357
Baroda Pioneer Liquid Fund Plan A- Daily Dividend	505,288	506	1,252,646	1,253
BSL Cash Plus - Daily Dividend - Reinvestment	205,862	21	3,763,287	377
BSL Income Plus - Growth	66,774,310	3,539	66,774,310	3,539
DSP Black Rock Liquidity Fund - Institutional Plan-Daily Dividend	-	-	355,711	356
DWS Insta Cash Plus Fund Super Institutional Plan - Daily Dividend	691,127	69	2,562,251	257
HDFC Income Fund Growth	167,496,335	4,513	167,496,335	4,513
HDFC Short Term Plan-Dividend	43,115,259	1,070	227,007,058	2,344
ICICI Prudential Income Plan-Regular - Growth	-	-	122,528,068	4,540
ICICI Prudential Liquid Plan - Regular Daily Dividend	259,031	26	2,249,915	225
Principal Cash Management Fund - Regular Plan Dividend Plan Payout	280,096	280	-	-
ICICI Prudential Short Term Plan- Regular Monthly Dividend	265,924,844	3,140	251,659,171	3,010
IDFC Dynamic Bond Fund-Quarterly Dividend-(regular plan)	100,029,572	1,027	97,998,515	998
IDFC Super Saver Income Fund-Investment Plan-Growth	34,149,368	1,002	-	-
IDFC Super Saver Income Fund-Short Term Plan-Monthly Dividend-(regular plan)	-	-	206,301,679	2,079
JM High Liquidity Fund-Daily Dividend Option	14,945,277	156	-	-
JPMorgan India Liquid Fund Super Inst.Daily Dividend	374,124	4	22,326,393	223
Kotak Bond (short term)-Monthly Dividend	-	-	99,351,304	1,004
Kotak Floater Short Term - Daily Dividend	996,044	1,008	-	-
Kotak Bond Scheme Plan A-Growth	118,736,484	4,020	118,736,484	4,020
Kotak Liquid Scheme Plan A-Daily Dividend	677,442	828	397,972	487

Notes to the Financial Statements

(₹ Millions)

Particulars	As at March 31, 2014		As at March 31, 2013	
	Unit No.	Amount	Unit No.	Amount
L&T Liquid Fund Daily Dividend Reinvestment Plan	38,006	38	-	-
L074G SBI Dynamic Bond Fund-Regular Plan-Growth	-	-	137,780,607	2,021
Reliance Income Fund-Growth Plan-Growth Option	51,792,003	1,999	51,792,003	1,999
Reliance Liquidity Fund-Daily Dividend Reinvetsment Option	322,785	493	401,157	401
Religare Liquid Fund - Daily Dividend	3,137,866	3,141	353,661	354
Religare Invesco Short Term Plan - Regular Growth	631,432	1,070	-	-
SBI Dynamic Bond Fund- Regular Plan-Growth	137,780,607	2,021	-	-
Tata Liquid Fund Plan A-Daily Dividend	586,675	654	535,988	597
UTI Money Market Fund - Institutional Plan - Daily Dividend	770,118	773	-	-
Templeton India Income Opportunities Fund- Growth	156,594,311	2,067	156,594,311	2,067
Total	**1,167,019,276**	**33,670**	**1,738,576,089**	**37,021**

16. TRADE RECEIVABLES

(₹ Millions)

Particulars	As at March 31, 2014	As at March 31, 2013
Unsecured, considered good unless otherwise stated		
Outstanding for a period exceeding six months from the date they are due for payment		
Unsecured, considered good	166	118
Unsecured, considered doubtful	1,117	1,064
Less: Provision for doubtful receivables	(1,117)	(1,064)
	166	118
Other receivables		
Unsecured, considered good	2,608	1,927
Unsecured, considered doubtful	208	211
Less: Provision for doubtful receivables	(208)	(211)
	2,608	1,927
	2,774	**2,045**

"Trade receivables" include receivables from related parties amounting to ₹ 1,886 Mn (March 31, 2013 - ₹ 1,573 Mn) respectively. For details, refer note 34.

Notes to the Financial Statements

17. CASH AND BANK BALANCES

(₹ Millions)

Particulars	As at March 31, 2014	As at March 31, 2013
Cash and cash equivalents		
Balances with banks on current accounts	211	39
Cheques on hand	13	-
Fixed deposits less than three months	250	-
Other bank balances		
Earmarked balances with banks	-	733
	474	**772**

"Earmarked balances with banks" comprise of amounts held in Escrow account payable towards share issue expenses.

18. SHORT-TERM LOANS AND ADVANCES

(₹ Millions)

Particulars	As at March 31, 2014	As at March 31, 2013
Loans and advances to related parties		
Unsecured, considered good	234	25,468
Advances recoverable in cash or kind		
Secured, considered good	322	272
Unsecured, considered good	2,181	2,361
Unsecured, considered doubtful	200	250
Less: Provision for doubtful advances	(200)	(250)
	2,503	2,633
MAT credit receivable	-	175
	2,737	**28,276**

"Loans and advances to related parties" includes interest bearing loan to parent company and subsidiary company amounting to Nil as at March 31, 2014 (March 31, 2013 - ₹ 22,990 Mn) and Nil as at March 31, 2014 (March 31, 2013 - ₹ 1,363 Mn) respectively. It further includes non interest bearing loans and advances to joint venture company and fellow subsidiary amounting to ₹ 227 Mn and ₹ 7 Mn as at March 31, 2014 (March 31, 2013 - ₹ 1,108 Mn and ₹ 7 Mn) respectively. For details, refer note 34.

"Advances recoverable in cash or kind" are secured to the extent they are backed by bank guarantees

19. OTHER CURRENT ASSETS

(₹ Millions)

Particulars	As at March 31, 2014	As at March 31, 2013
Unsecured, considered good unless otherwise stated		
Unbilled revenue (net)	1,286	1,267
Interest accrued	38	215
	1,324	**1,482**

"Unbilled revenue (net)" is net of provisions amounting to ₹ 705 Mn as at March 31, 2014 (March 31, 2013 - ₹ 1,162 Mn) considered for penalties, deductions etc. and includes revenues from related parties amounting to ₹ 1,190 Mn as at March 31, 2014 (March 31, 2013 - ₹ 1,418 Mn). For details, refer note 34.

"Interest accrued" comprise of interest accrued on loan to parent company, subsidiary company and JV company amounting to Nil, Nil and ₹ 38 Mn as at March 31, 2014 (March 31, 2013 - ₹ 101 Mn, ₹ 114 Mn and Nil) respectively. For details, refer note 34.

Notes to the Financial Statements

20. REVENUE FROM OPERATIONS

(₹ Millions)

Particulars	Year ended March 31, 2014	Year ended March 31, 2013
Rent	29,569	27,441
Energy and other reimbursements	20,424	17,160
	49,993	**44,601**

21. OTHER INCOME

(₹ Millions)

Particulars	Year ended March 31, 2014	Year ended March 31, 2013
Interest income on:		
- Bank deposits	2	3
- Loans to group companies	510	1,850
- Others	499	8
Dividend income:		
- Investment in joint venture	2,200	4,050
- Current investments	896	110
Net gain/ (loss) on sale of current investments	12	532
Profit on sale of assets	752	251
Termination charges for contract cancellation	111	-
Miscellaneous income (refer note 45)	320	6
	5,302	**6,810**

22. POWER & FUEL

(₹ Millions)

Particulars	Year ended March 31, 2014	Year ended March 31, 2013
Network	19,513	16,920
Others	24	22
	19,537	**16,942**

23. RENT

(₹ Millions)

Particulars	Year ended March 31, 2014	Year ended March 31, 2013
Network	2,373	2,263
Others	119	119
	2,492	**2,382**

Notes to the Financial Statements

24. EMPLOYEE BENEFIT EXPENSES

(₹ Millions)

Particulars	Year ended March 31, 2014	Year ended March 31, 2013
Salaries, wages and bonus	1,902	1,764
Contribution to provident and other funds	61	59
Employee stock option scheme	47	106
Staff welfare expenses	79	84
Others	62	74
	2,151	**2,087**

"Salaries, wages and bonus" includes gratuity and other post employment benefits. For details, refer note 29.

Further, for details of employee stock option scheme, refer note 30.

25. OTHER EXPENSES

(₹ Millions)

Particulars	Year ended March 31, 2014	Year ended March 31, 2013
Insurance	51	46
Repair and maintenance		
- Plant and Machinery	2,770	3,135
- Building	4	5
- Others	957	938
Traveling and conveyance	150	130
Communication costs	99	126
Legal and professional	210	192
IT expenses	247	186
Provision for doubtful debts and advances	124	251
Provision for fixed assets/ capital work in progress	(18)	(54)
Fixed assets written off#	-	-
Loss on sale of fixed assets	17	46
Miscellaneous expenses		
- Network	201	549
- Others	115	120
	4,927	**5,670**

Payment to auditor

(₹ Millions)

Particulars	Year ended March 31, 2014	Year ended March 31, 2013
Audit fee ^	6	14
Reimbursement of expenses	1	1
	7	**15**

"Fixed assets written off" for the year ended March 31, 2014 and March 31, 2013 is net of ₹ 156 Mn and ₹ 117 Mn respectively adjusted with General Reserve in accordance with the Scheme of arrangement. For details, refer note 41.

^ Includes payment with respect to audit services in connection with the Company's Initial Public Offering amounting to ₹ 8 Mn for the year ended March 31, 2013 adjusted against securities premium.

Notes to the Financial Statements

26. DEPRECIATION AND AMORTIZATION EXPENSE

(₹ Millions)

Particulars	Year ended March 31, 2014	Year ended March 31, 2013
Depreciation of tangible assets	11,731	11,839
Amortization of intangible assets	20	49
	11,751	11,888
Less: adjusted with general reserve in accordance with the Scheme of Arrangement with Bharti Airtel Limited (refer note 41)	(737)	(802)
	11,014	**11,086**

27. FINANCE COSTS

(₹ Millions)

Particulars	Year ended March 31, 2014	Year ended March 31, 2013
Interest	-	1
Mark to market loss	85	-
Bank charges	6	6
	91	**7**

28. EARNINGS PER SHARE (EPS)

Particulars	Year ended March 31, 2014	Year ended March 31, 2013
Nominal value of equity shares (₹)	10	10
Profit attributable to equity shareholders for computing Basic and Dilutive EPS (A) (₹ Million)	10,899	10,098
Weighted average number of equity shares outstanding during the year for computing Basic EPS (B)	1,888,860,817	1,782,075,524
Dilutive effect on weighted average number of equity shares outstanding during the Year*	4,189,888	4,246,946
Weighted average number of equity shares and equity equivalent shares for computing Diluted EPS (C)	1,893,050,705	1,786,322,470
Basic earnings per share (A/B) (₹)	5.770	5.666
Diluted earnings per share (A/C) (₹)	5.757	5.653

* Diluted effect on weighted average number of equity shares and profit attributable is on account of Employee Stock Option Plan (ESOP).

Notes to the Financial Statements

29. EMPLOYEE BENEFITS

During the period, the Company has recognized the following amounts in the statement of profit and loss:

Defined Contribution Plans

(₹ Millions)

Particulars	Year ended March 31, 2014	Year ended March 31, 2013
Employer's contribution to Provident Fund	61	59
Total	**61**	**59**

Defined benefit obligations

Gratuity liability is defined benefit obligation and is provided for on the basis of an actuarial valuation on projected unit credit method made at the end of each reporting period. The plan is not funded by the Company.

i. Amount charged to the statement of profit and loss:

(₹ Millions)

Particulars	Gratuity#	
	Year ended March 31, 2014	Year ended March 31, 2013
Current service cost	23	21
Interest cost	7	6
Actuarial (gain)/ loss	7	2
Net gratuity cost	**37**	**29**

included in Salaries, wages and bonus (refer note 24).

ii. The assumptions used to determine the benefit obligations are as follows:

Particulars	Gratuity#	
	Year ended March 31, 2014	Year ended March 31, 2013
Discount rate	8.00%	8.50%
Expected rate of increase in compensation levels	10.00%	10.00%
Expected average remaining working lives of employees (years)	24.27 years	24.95 years

iii. Reconciliation of opening and closing balances of benefit obligations: (₹ Millions)

Particulars	Gratuity #	
	As at March 31, 2014	As at March 31, 2013
Projected benefit obligation at beginning of year	75	53
Current service cost	23	21
Interest cost	7	6
Benefits paid	(16)	(7)
Actuarial (gain)/ loss	7	2
Projected benefit obligation at end of year	**96**	**75**
Net amount recognized	(96)	(75)

Notes to the Financial Statements

iv. The discount rate is based on the average yield on government bonds at the accounting date with a term that matches that of the liabilities.

v. The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

vi. Estimated amounts of benefits payable within next year are ₹ 35 Mn (March 31, 2013 – ₹ 33 Mn).

vii. The table below illustrates experience adjustment disclosure as per para 120 (n) (ii) of Accounting Standard 15, 'Employee Benefits'.

(₹ Millions)

Particulars	Gratuity				
	As at March 31, 2014	As at March 31, 2013	As at March 31, 2012	As at March 31, 2011	As at March 31, 2010
Defined benefit obligation	96	75	53	35	22
Plan assets	-	-	-	-	-
Surplus/ (deficit)	(96)	(75)	(53)	(35)	(22)
Experience adjustments on plan liabilities (loss)/ gain	(5)	(2)	(5)	(5)	(4)
Experience adjustments on plan assets (loss)/ gain	-	-	-	-	-

viii. Movement in provision for deferred bonus plan

(₹ Millions)

Particulars	As at March 31, 2014	As at March 31, 2013
Opening balance	-	18
Add: addition during the year	-	2
Less: paid during the year	-	(20)
Total	**-**	**-**

30. EMPLOYEE STOCK OPTION PLANS

Pursuant to the board resolution dated July 22, 2008 and the resolution of the shareholders in extraordinary general meeting dated August 28, 2008, the Company instituted the Employee Stock Option Plan.

The Company has granted additional stock options in the ratio of two options for every one option outstanding as on August 23, 2012. The total number of additional options granted is 6,165 thousand.

Under the Plan 9,947 thousand options have been awarded to directors, officers and employees of the Company (including Group Companies) till date including the additional grants pursuant to bonus issue, out of which Nil options have been granted during the year ended March 31, 2014.

During the year ended March 31, 2014 the Company has announced new performance unit plan (cash settled payment) for its employees.

Notes to the Financial Statements

The following table provides an overview of all existing stock option plans of the Company:

Scheme	Plan	Stock options outstanding* (in thousands)	Vesting period (years)	Contractual term (years)	Weighted average exercise price (₹)	Classification/ accounting treatment
Equity settled Plans						
Infratel Plan	2008 Plan	8,554	1 - 5/1 - 4	7	110	Equity settled
Infratel Plan	Long term incentive plan	16	1 - 3	7	10	Equity settled
Cash settled Plans						
Infratel Plan	Performance Unit Plan	171	1 - 3	7	-	Cash settled

* Represents the number of options outstanding as on March 31, 2014 after considering the impact of bonus issue in August 2012.The weighted average remaining contractual life for options outstanding at the end of year is 1.42 to 6.34 years.

The weighted average fair value per option based on Black Scholes valuation model is ₹ 475 and ₹ 197.61 on the original grants of equity settled and cash settled plans respectively. The fair value is being amortized over the vesting period of 36 and 60 months, respectively on a graded vesting basis.

Equity settled options are planned to be settled in equity at the time of exercise and have maximum period of 7 years from the date of respective grants. The options under this plan have an exercise price of ₹ 329 per equity share and vest on a graded basis. The exercise price of ₹ 329 per equity share has been diluted to one third pursuant to the bonus issue in August 2012. Further the options granted under 'Long term incentive plan' are at ₹ 10 per equity share.

Cash settled options have a maximum exercise period of 7 years from the respective grant date.

Vesting period from the grant date	Vesting schedule
1. ESOP Scheme 2008	
For options with a vesting period of 36 months:	
On completion of 12 months	30%
On completion of 24 months	30%
On completion of 36 months	40%
For options with a vesting period of 48 months:	
On completion of 12 months	15%
On completion of 24 months	20%
On completion of 36 months	30%
On completion of 48 months	35%
For options with a vesting period of 60 months:	
On completion of 12 months	20%
On completion of 24 months	20%
On completion of 36 months	20%
On completion of 48 months	20%
On completion of 60 months	20%

Notes to the Financial Statements

Vesting period from the grant date	Vesting schedule
2. Performance Unit Plan	
For options with a vesting period of 36 months:	
On completion of 12 months	30%
On completion of 24 months	30%
On completion of 36 months	40%

Information concerning the stock options granted and outstanding at the year end is as follows:

Particulars	As at March 31, 2014		As at March 31, 2013	
	Number of stock options (In '000)	Weighted average exercise price (₹)	Number of stock options (In '000)	Weighted average exercise price (₹)
Plan 2008				
Outstanding at beginning of the year	9,147	110	3,333	329
Granted	-	-	-	-
Forfeited	(39)	110	(251)	329
Bonus issue in the ratio of 1:2	-	-	6,165	110
Exercised	(554)	110	(100)	110
Outstanding at the year end	8,554	110	9,147	110
Exercisable at end of the year	7,662	110	6,431	110
LTI Plan (Part of 2008 plan)				
Outstanding at beginning of the year	20	10	-	-
Granted	-	-	34	10
Forfeited	-	-	(14)	10
Exercised	(4)	10	-	-
Expired	-	-	-	-
Outstanding at the year end	16	10	20	10
Exercisable at end of the year	4	10	-	-
Cash settled Plan				
Outstanding at beginning of the year	-	-	-	-
Granted	171	-	-	-
Forfeited	-	-	-	-
Exercised	-	-	-	-
Expired	-	-	-	-
Outstanding at the year end	171	-	-	-
Exercisable at end of the year	-	-	-	-

*The weighted average share price at the exercise date was ₹ 189 per share for options exercised during the year ended March 31, 2014

Notes to the Financial Statements

The weighted average fair value of stock options granted during the year ended March 31, 2014 was ₹ 197.61 per share (2012 - 2013 – ₹ 258 per share). The fair value of the options granted was estimated on the date of grant using the Black Scholes / Lattice Valuation model with the following assumptions:

Particulars	Year ended March 31, 2014	Year ended March 31, 2013
Risk free interest rates	8.39% to 8.80%	8.37% to 8.62%
Expected life	36 months	36 to 60 months
Weighted average share price (₹)	201	219
Weighted average remaining contractual life	6.34 years	2.4 to 6.4 years
Volatility	30.96%	52.42% to 52.43 %
Dividend yield	0.50%	0.00%

The balance of deferred stock compensation as on March 31, 2014 is ₹ 24 Mn (March 31, 2013 – ₹ 86 Mn) and total employee stock compensation expense recognized for the year ended March 31, 2014 and March 31, 2013 is ₹ 47 Mn and ₹ 106 Mn respectively.

Note:

Bharti Airtel Limited has given stock options to certain employees of the Company. Bharti Airtel Limited has not charged the compensation cost relating to the stock options granted to the Company. Besides this, the Company has also given stock options to certain employees of Bharti Airtel Limited and has considered the related compensation cost in its books.

31. LEASES

(a) Operating lease: Company as a lessee

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

(₹ Millions)

Particulars	As at March 31, 2014	As at March 31, 2013
Lease rental charged to statement of profit and loss	2,492	2,382
Obligation on non-cancellable lease:		
Not Later than one year	2,343	2,179
Later than one year but not later than five years	9,453	8,981
Later than five years	16,131	17,243
Total	**27,927**	**28,403**

The lease rentals include rent equalisation of ₹ 151 Mn and ₹ 199 Mn for the year ended March 31, 2014 and March 31, 2013 respectively.

Notes to the Financial Statements

(b) Operating lease: Company as a lessor

The Company has given sites on operating lease to telecom operators. As per the agreements with the operators the escalation rates range from 0% to 2.5% per annum. The service charges recognized as income during the year ended March 31, 2014 and March 31, 2013 for non cancelable arrangements relating to provision for passive infrastructure sites as per the agreements is ₹ 29,819 Mn and ₹ 27,937 Mn respectively.

(₹ Millions)

Particulars	As at March 31, 2014	As at March 31, 2013
Future minimum lease payment receivable:		
Not Later than one year	29,473	26,779
Later than one year but not later than five years	124,441	113,503
Later than five years	107,377	129,385
Total	**261,291**	**269,667**

Revenue includes revenue equalisation of ₹ 1,846 Mn and ₹ 2,126 Mn for the year ended March 31, 2014 and March 31, 2013 respectively.

32. ASSET RETIREMENT OBLIGATION

The Company uses various premises on lease to install plant and equipment. A provision is recognized for the costs to be incurred for the restoration of these premises at the end of the lease period. It is expected that this provision will be utilized at the end of the lease period of the respective sites as per the respective lease agreements. The movement of Provision in accordance with AS–29 on 'Provisions, Contingent liabilities and Contingent Assets', as per Companies Accounting Standard Rules, 2006, is given below:

(₹ Millions)

Particulars	As at March 31, 2014	As at March 31, 2013
Opening Balance	3,213	1,832
Additions during the year (refer note below)	81	1,381
Closing Balance	**3,294**	**3,213**

During the year ended March 31, 2013, the Company has revised its estimate for site restoration obligation which has resulted in increase in the estimated obligation by ₹ 1263 Mn. Had the Company not changed its estimate regarding the cost to be incurred for restoration of sites, the depreciation for the year ended March 31, 2013 would have been lower by ₹ 54 Mn and the profit after tax for the year ended March 31, 2013 would have been higher by ₹ 36 Mn (net of tax) respectively.

33. INTEREST IN JOINT VENTURE

The Company holds 42% interest in Indus Towers Limited, a jointly controlled entity which is involved in providing passive infrastructure to telecom companies.

The Company's share of the assets, liabilities, income and expense of the jointly controlled entity as at and for the year ended March 31, 2014 and March 31, 2013 respectively are as follows:

Notes to the Financial Statements

(₹ Millions)

Particulars	As at March 31, 2014	As at March 31, 2013
EQUITY AND LIABILITIES		
Shareholders' funds		
Share capital	0.5	0.5
Reserves and surplus	63,528	948
	63,529	949
Non-current liabilities		
Long-term borrowings	25,844	32,296
Deferred tax liabilities (net)	6,919	2,072
Other long-term liabilities	5,761	5,838
Long-term provisions	7,361	2,910
	45,885	43,116
Current liabilities		
Short-term borrowings	993	863
Trade payables	605	9,781
Other current liabilities	16,583	14,534
Short-term provisions	21	2,590
	18,202	27,768
Total equity and liabilities	**127,616**	**71,833**
ASSETS		
Non-current assets		
Fixed assets		
Tangible assets	86,429	50,873
Intangible assets	137	173
Capital work-in-progress	1,005	952
Long-term loans and advances	14,656	5,444
Other non-current assets	10,149	2,423
	112,376	59,865
Current assets		
Current investments	4,791	1,890
Trade receivables	447	1,290
Cash and bank balances	1,180	480
Short-term loans and advances	2,440	2,395
Other current assets	6,382	5,913
	15,240	11,968
Total assets	**127,616**	**71,833**

Notes to the Financial Statements

(₹ Millions)

Particulars	Year ended March 31, 2014	Year ended March 31, 2013
INCOME		
Revenues	58,292	55,387
Other income	1,396	718
	59,688	**56,105**
EXPENSES		
Power and fuel	21,083	21,074
Rent	6,394	10,373
Employee benefits expenses	1,519	1,252
Other expenses	6,065	6,812
	35,061	**39,511**
Earnings before interest, tax, depreciation and amortization	**24,627**	**16,594**
Depreciation and amortization expense	10,245	6,870
Finance costs	3,917	3,939
	14,162	10,809
Profit before exceptional items and tax	**10,465**	**5,785**
Exceptional items	-	(9)
Profit before tax	**10,465**	**5,776**
Tax expenses		
Current tax	3,072	1,710
Deferred tax	914	270
Total tax expense	3,986	1,980
Profit for the year	**6,479**	**3,796**
Capital commitments	1,385	491
Contingent liabilities	10,924	1,836

34. RELATED PARTY DISCLOSURES

In accordance with the requirements of Accounting Standards (AS) - 18 on Related Party Disclosures, the names of the related parties where control exists and / or with whom transactions have taken place during the year and description of relationships, as identified and certified by the management are as below:

A. List of related parties

1. Key management personnel
   Akhil Kumar Gupta, Chairman (Managing Director upto March 31, 2014)

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

Holding company	Bharti Airtel Limited
Subsidiary company	Bharti Infratel Services Limited (w.e.f. June 4, 2013)
Subsidiary company	Bharti Infratel Ventures Limited (upto June 10, 2013)

3. Other related parties with whom transactions have taken place during the year

Name of the related party	Relationship
Bharti Airtel Services Limited	Fellow Subsidiary
Bharti Enterprises Limited	Entity having significant influence/Group Company
Bharti Foundation	Entity having significant influence/Group Company
Bharti Hexacom Limited	Fellow Subsidiary
Bharti Telemedia Limited	Fellow Subsidiary
Centum Learning Limited	Entity having significant influence/Group Company
Indus Towers Limited	Joint Venture
Nxtra Data Limited	Fellow Subsidiary

Notes to the Financial Statements

B. Related party transactions during the year:

Nature of transaction	Bharti Airtel Limited		Bharti Hexacom Limited		Bharti Telemedia Limited		Bharti Enterprises Limited		Bharti Infratel Ventures Limited (*)		Centum Learning Limited		Bharti Airtel Services Limited		Nxtra Data Limited		Key Management Personnel (**)		Bharti Foundation		Bharti Infratel Services Limited		Indus Towers Limited (*)	
	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13
Loan given	-	13,500	-	-	-	-	-	-	244	1,152	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Loan repaid	(22,990)	(3,670)	-	-	-	-	-	-	(1,606)	(400)	-	-	-	-	-	-	-	-	-	-	-	-	(402)	(9,599)
Refund of lease rentals for IRU sites	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	83	-
Amount received on exercise of ESOP options	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	39	-	-	-	-	-	-	-
Revenue from operations	31,525	28,828	2,592	2,242	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Expenses (other than employee related) incurred on behalf of Company	(7)	(13)	-	-	-	-	(94)	(104)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(232)
Employee related expenses incurred on behalf of Company	-	(28)	-	-	(4)	(3)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Procurement of services	(159)	(169)	-	-	-	-	-	-	-	-	(14)	(26)	-	-	(7)	-	-	-	-	-	-	-	-	-
Salary	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(80)	(70)	-	-	-	-	-	-
Security deposit received	(24)	(72)	(5)	(9)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Security deposit refunded	16	816	-	62	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest income from loan given	485	1,743	-	-	-	-	-	-	25	108	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Commission paid	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(44)	(28)
Dividend received	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,200	4,050
Dividend paid	(4,500)	(3,750)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Donation given	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(50)	(50)	-	-	-	-
Investment in Subsidiary Company	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1	-	-	-
Total	**4,346**	**37,185**	**2,587**	**2,295**	**(4)**	**(3)**	**(94)**	**(104)**	**(1,337)**	**860**	**(14)**	**(26)**	**-**	**-**	**(7)**	**-**	**(41)**	**(70)**	**(50)**	**(50)**	**1**	**-**	**1,837**	**(5,809)**
Balance outstanding:																								
Trade payables and Other current liabilities	(122)	(193)	(9)	(37)	-	-	-	-	-	(9,650)	-	(6)	-	(1)	-	-	(51)	(46)	-	-	-	-	(9,525)	(303)
Short-term loans and advances	-	22,990	-	-	-	-	-	-	-	1,363	7	7	-	-	-	-	-	-	-	-	-	-	227	1,108
Other current assets	1,133	1,449	69	70	-	-	-	-	-	114	-	-	-	-	-	-	-	-	-	-	-	-	38	-
Trade receivables	1,675	1,278	211	284	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	11
Security deposits received	(1,777)	(1,769)	(135)	(131)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(308)
Total	**909**	**23,755**	**136**	**186**	**-**	**-**	**-**	**-**	**-**	**(8,173)**	**7**	**1**	**-**	**(1)**	**-**	**-**	**(51)**	**(46)**	**-**	**-**	**-**	**-**	**(9,260)**	**508**

During the year ended March 31, 2013, the Company allotted 43,700 equity shares to relatives of certain directors of the Company during IPO.

*Also, refer note 42 for details of additional investment in Indus Towers Limited (Indus) on merger of Bharti Infratel Ventures Limited with Indus during the year.

**Balance outstanding includes provision for leave encashment and gratuity based on actuarial valuation.

Notes to the Financial Statements

35. CAPITAL AND OTHER COMMITMENTS

(i) Capital commitments

(₹ Millions)

Particulars	As at March 31, 2014	As at March 31, 2013
Estimated amount of contracts to be executed on capital account and not provided for in the financial statements (net of capital advances)	3,771	2,910
Under the IT Outsourcing agreement, the Company has commitment for capital purchases and service charges	70	1,663
	3,841	**4,573**

(ii) Other commitments

For commitments relating to lease agreements, refer note 31.

36. CONTINGENT LIABILITIES

(i) Financial bank guarantees

(₹ Millions)

Particulars	As at March 31, 2014	As at March 31, 2013
Total guarantees issued by banks and financials institutions on behalf of the Company	439	427
Total	**439**	**427**

(ii) Claims against the Company not acknowledged as debt

(₹ Millions)

Particulars	As at March 31, 2014	As at March 31, 2013
(i) Taxes, duties and other demands (under adjudication / appeal / dispute)		
- Sales tax (refer to a below)	714	337
- Stamp duty (refer to b below)	269	266
- Entry tax (refer to c below)	1,412	1,257
- Municipal taxes (refer to d below)	1,010	770
(ii) Other claims under legal cases including arbitration matters (refer to e below)	241	199
(iii) Income tax matters (refer to f below)#	1,606	49
Total	**5,252**	**2,878**

Includes ₹ 1,318 Mn for which the possibility of tax demand materializing is remote, based on internal assessment of the Company.

Notes to the Financial Statements

Unless otherwise stated below, the management believes that, based on legal advice, the outcome of these contingencies will be favourable and that a loss is not probable.

(a) **Sales tax**

The claims for sales tax as of March 31, 2014 comprise of the cases relating to levy of VAT on right to use.

(b) **Stamp Duty**

The Company has received demand in certain states for stamp duty on execution of Leave and License Agreement of Cell Sites.

(c) **Entry tax**

In certain states, entry tax is imposed on entry of goods in the local area for use, consumption or sale therein. The Company has challenged the constitutional validity of the same before respective high courts and also in Hon'ble Supreme Court.

(d) **Municipal taxes**

The Company based on its assessment of the applicability and tenability of certain municipal levies, which is an industry wide phenomenon, does not consider the impact of such levies to be material.

(e) **Others**

Others mainly include site related legal disputes.

(f) **Income tax**

The Company has received assessment orders for AY 2010-11 and 2011-12 amounting to ₹ 1,004 Mn and ₹ 589 Mn respectively.

37. (a) Expenditure in foreign currency (cash basis)

(₹ Millions)

Particulars	Year ended March 31, 2014	Year ended March 31, 2013
Legal and professional *	2	59
IT expenses	0.11	1
	2	**60**

* Comprise of payments made to Legal counsels towards professional services rendered in connection with the Company's Initial Public Offering amounting to ₹ 59 Mn for the year ended March 31, 2013 adjusted against securities premium

(b) Dividend remitted in foreign currency

Particulars	Year ended March 31, 2014	Year ended March 31, 2013
Number of non - resident shareholders to whom dividend was due	1	4
Number of equity shares held on which dividend was due (in Mn)	18	50
Amount remitted (₹ in Mn)	54	124
Amount remitted (USD in Mn)	1	2

Final Dividend of ₹ 3.00 per equity share (Face value per share ₹10) was declared in FY 2012-13 and paid in FY 2013-14.

In addition to above, final dividend amounting to ₹ 581 Mn [2012 - 2013 - ₹ 482 Mn (Interim dividend)] has been paid to other non-resident shareholders in Indian Rupees.

(c) Unhedged foreign currency exposure is Nil as at March 31, 2014 (March 31, 2013 – Nil).

(d) Value of imports calculated on CIF basis is Nil as at March 31, 2014 (March 31, 2013 - Nil).

Notes to the Financial Statements

38. DETAILS OF DUES TO MICRO AND SMALL ENTERPRISES AS DEFINED UNDER THE MSMED ACT, 2006

(₹ Millions)

Particulars	As at March 31, 2014	As at March 31, 2013
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year		
Principal amount due to micro and small enterprises	4	33
Interest due on above	-	-
	4	33
The amount of interest paid by the buyer in terms of section 16 of the Micro Small and Medium Enterprise Development Act, 2006, along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year.	-	-
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the period/ year) but without adding the interest specified under Micro Small and Medium Enterprise Development Act, 2006.	-	-
The amount of interest accrued and remaining unpaid at the end of each accounting year.	14	10
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the Micro Small and Medium Enterprise Development Act, 2006.	-	-

39. UTILIZATION OF MONEY RAISED THROUGH PUBLIC ISSUE

(a) Pursuant to Initial Public Offer (IPO), the Company raised ₹ 31,657 Mn (net of selling shareholders' proceeds), details of utilization of IPO proceeds are as follows-

(₹ Millions)

Object	Planned utilisation as per Prospectus		Amount utilised 2013-14	Amount pending utilisation
	Total (A)	2013-14	(B)	(A-B)
Installation of new 4,813 towers	10,865	5,071	897	9,968
Urgradation and replacement of existing towers	12,141	5,049	3,347*	8,794
Green initiatives at tower sites	6,394	2,991	310	6,084
General corporate purpose	2,257	1,128	1,128	1,129
Total	**31,657**	**14,239**	**5,682**	**25,975**

*Includes inventory as on March 31, 2014 amounting to ₹ 90 Mn.

Notes to the Financial Statements

Actual fund utilization in 2013-2014 has been lower primarily on account of lower capex deployment.

Unspent amount of ₹ 25,975 Mn is lying in the Mutual funds investments and is shown as under –

(₹ Millions)

Particulars	As at March 31, 2014 No. of units	As at March 31, 2014 Amount (**)
Current	1,065,128,467	22,391
Non Current	122,528,068	4,540
	1,187,656,535	**26,931**

**The difference in the unutilized issue proceeds and amount invested is on account of dividend accrued, reinvested during the period.

40. Since the Company's business activity falls within a single business and geographical segment of providing passive infrastructure, there are no additional disclosure to be provided under Accounting Standard - 17 'Segment reporting' other than those already provided in the financial statements.

41. During the year ended March 31, 2008, pursuant to the Scheme of Arrangement with Bharti Airtel Limited ('BAL Scheme') under sections 391 to 394 of the Companies Act, 1956, the telecom infrastructure undertaking of Bharti Airtel Limited was transferred to the Company. Pursuant to the Scheme, the depreciation charged by the Company on the excess of the fair values over the original book values of the assets transferred by Bharti Airtel Limited is being off-set against General Reserve. Had the Company followed generally accepted accounting principles in India, General Reserve as at March 31, 2014 and March 31, 2013 would have been higher by ₹ 7,063 Mn and ₹ 6,170 Mn respectively. Depreciation for the year ended March 31, 2014 would have been higher by ₹ 737 Mn (March 31, 2013 ₹ 802 Mn), other expenses for the for the year ended March 31, 2014 would have been higher by ₹ 156 Mn (March 31, 2013 ₹ 117 Mn) and profit for the year ended March 31, 2014 have been lower by ₹ 893 Mn (March 31, 2013 ₹ 919 Mn).

42. The Scheme of Arrangement ('Indus Scheme') under Section 391 to 394 of the Companies Act, 1956 for transfer of all assets and liabilities, as defined in Indus scheme, from Bharti Infratel Ventures Limited (BIVL), erstwhile wholly owned subsidiary company, to Indus Towers Limited (Indus), was approved by the Hon'ble High Court of Delhi vide order dated April 18, 2013 and filed with the Registrar of Companies on June 11, 2013 with appointed date April 1, 2009 i.e. effective date of Indus Scheme and accordingly, effective June 11, 2013, the erstwhile subsidiary company has ceased to exist and has become part of Indus. The Company was carrying investment in BIVL at ₹ 59,921 Mn. Pursuant to Indus Scheme, the Company has additionally got 504 shares in Indus in lieu of transfer of its investment in BIVL to Indus and recorded these additional shares at their fair value of ₹ 60,419 Mn in accordance with the requirements of Accounting Standard – 13. The resultant gain of ₹ 385 Mn (net of taxes ₹ 113 Mn) has been disclosed as adjustment to carry forward balance of Statement of Profit and Loss as at April 1, 2009. This being non cash transaction, has not been considered for disclosure in cash flow statement for the year ended March 31, 2014.

43. During the year ended March 31, 2013, a customer has exited from specified tenancies resulting in the Company recovering ₹ 360 Mn from the customer. Further, the Company has provided for revenue equalisation reserve and loss in value of fixed assets amounting to ₹ 85 Mn and ₹ 244 Mn respectively. The Company considers the aforesaid exit as an exceptional item and has accordingly disclosed the net amount of ₹ 31 Mn as exceptional item.

44. During the year, the Company has reclassified certain investments in mutual funds as non-current from current investments, based on its plan of utilization of these funds and thereafter, has classified its investments in mutual funds as current and non-current at the time of initial recognition, based on its plan of future utilisation of funds within 12 months and after 12 months, respectively. These investments are reclassified and disclosed at year end based on balance utilization period. Accordingly, the Company has disclosed ₹ 33,670 Mn (March 31, 2013 - ₹ 37,021 Mn) as current and ₹ 36,342 Mn (March 31, 2013 - Nil) as non-current investments as at year end.

45. Other income includes ₹ 284 Mn relating to earlier periods.

46. Charity and donation includes ₹ 60 Mn (2012 - 2013 – Nil) paid to Satya Electoral Trust for political purposes.

47. Previous year figures have been regrouped/ reclassified where necessary to conform to the current year's classifications.

Glossary

COMPANY RELATED TERMS

4 Overlapping Circles	Represents the telecommunication circles of Haryana, Rajasthan, Uttar Pradesh (East) and Uttar Pradesh (West) wherein Bharti Infratel and Indus Towers have overlapping operations. Bharti Infratel is not permitted to roll out any new towers in these telecommunications Circles, although it continues to own and operate its existing telecommunications towers in these Circles, and add additional sharing operators to these towers. New tower rollout in these telecommunication circles is done by Indus.
7 Circles	Represents the telecommunications circles of Bihar, Madhya Pradesh and Chhattisgarh, Odisha, Jammu and Kashmir, Himachal Pradesh, Assam and North East states wherein Bharti Infratel operates on exclusive basis.
11 circles	Represents the 7 telecommunications circles of Bihar, Madhya Pradesh and Chhattisgarh, Odisha, Jammu and Kashmir, Himachal Pradesh, Assam and North East states wherein Bharti Infratel operates on exclusive basis and the 4 common circles of Haryana, Rajasthan, Uttar Pradesh (East) and Uttar Pradesh (West) wherein Bharti Infratel and Indus Towers have overlapping operations.
15 circles	Represents the 11 telecommunication circles of Andhra Pradesh, Delhi, Gujarat, Karnataka, Kerala, Kolkata, Maharashtra & Goa, Mumbai, Punjab, Tamil Nadu (including Chennai) and West Bengal wherein Indus operates on exclusive basis and the 4 common telecommunication circles of Haryana, Rajasthan, Uttar Pradesh (East) and Uttar Pradesh (West) wherein Bharti Infratel and Indus Towers have overlapping operations.
Adjusted Fund from Operations (AFFO)	It is not an IGAAP measure and is defined as EBITDA adjusted for Maintenance and General Corporate Capex, revenue equalization & lease rent equalization (which represents straight linning of revenue and expense).
Average Co-locations	Average co-locations are derived by computing the average of the Opening and Closing co-locations at the end of relevant period.
Average Sharing Factor	Average Sharing factor is calculated as the average of the opening and closing number of co-locations divided by average of the opening and closing number of towers for the relevant period.
Average Towers	Average towers are derived by computing the average of the opening and closing towers at the end of relevant period.
BISL	Bharti Infratel Services Limited
BIVL	Bharti Infratel Ventures Limited
Bn	Billion
Capex	It includes investment in gross fixed assets and capital work in progress for the relevant period.
Capital Employed	Capital Employed is defined as sum of equity attributable to equity share holders and Net Debt/(Net Cash).
Cash Profit From Operations	It is not an IGAAP measure and is defined as operating income adjusted for depreciation and amortization, revenue equalization, lease rent equalizations and finance costs.
Circle(s)	22 service areas that the Indian telecommunications market has been segregated into

COMPANY RELATED TERMS

Closing Sharing Factor	Closing Sharing Factor is calculated as the closing number of co-locations divided by closing number of towers as at the end of relevant period.
Co-locations	Co-location is the total number of sharing operators at a tower, and where there is a single operator at a tower; 'co-location' refers to that single operator. Co-locations as referred to are revenue-generating co-locations.
Consolidated Financial Statements	The Consolidated financial statements of the company till FY 2013-14 represent the financials of Bharti Infratel Ltd Standalone taken together with its wholly owned subsidiary Bharti Infratel Ventures Ltd and Bharti Infratel's 42% equity interest in Indus Towers Ltd. accounted for by proportionate consolidation. Consequent to Indus Merger, the financial statements of Indus have been prepared after giving effect to the Merger Scheme. Accordingly the Consolidated Financial Results of the Company from quarter ended June 2013 and onwards represent the financials of Bharti Infratel Limited Standalone taken together with its 42% equity interest in Indus Towers Ltd. accounted for by proportionate consolidation and consolidating the new subsidiary Bharti Infratel Services Ltd.
Cumulative Investments	Cumulative Investments comprises of gross fixed assets (including Capital Work In Progress).
Earnings Per Share (EPS) - Basic	It is computed by dividing net profit or loss attributable for the period to equity shareholders by the weighted average number of equity shares outstanding during the period.
Earnings Per Share (EPS) - Diluted	Diluted earnings per share is calculated by adjusting net profit or loss for the period attributable to equity share holders and the weighted average number of shares outstanding during the period for the effects of all dilutive potential equity shares.
EBIT	Earnings before interest, taxation excluding other income for the relevant period.
EBIT (Including Other Income)	Earnings before interest, taxation including other income for the relevant period.
EBITDA	Earnings before interest, taxation, depreciation and amortization excluding other income for the relevant period. It is defined as operating income and does not include depreciation and amortization expense, finance cost and tax expense.
EBITDA (Including Other Income)	Earnings before interest, taxation, depreciation and amortization including other income for the relevant period.
Enterprise Value (EV)	Calculated as sum of Market Capitalization plus Net Debt/(Net Cash) as at the end of the relevant period.
EV / EBITDA (times) (LTM)	Computed by dividing Enterprise Value as at the end of the relevant period (EV) by EBITDA for the preceding (last) 12 months from the end of the relevant period.
GAAP	Generally Accepted Accounting Principle
IGAAP	Indian Generally Accepted Accounting Principle
Incremental Return on Capital Employed	Incremental Return on Capital Employed is computed by dividing Incremental EBIT during the relevant periods by Incremental Average Capital Employed during the corresponding periods.

COMPANY RELATED TERMS

Incremental Return on Equity	Incremental Return on Equity is calculated by dividing Incremental Profit after Tax during the relevant periods by Incremental Average Shareholder's Equity during the corresponding periods.
Indus Merger	During the quarter ended June 30, 2013, the Scheme of Arrangement (Scheme) under Section 391 to 394 of the Companies Act, 1956 for transfer of all assets and liabilities as defined in the Scheme from Bharti Infratel Ventures Limited (BIVL), wholly owned subsidiary of the Company, Vodafone Infrastructure Limited (formerly known as Vodafone Essar Infrastructure Limited), and Idea Cellular Tower Infrastructure Limited (collectively referred to as 'The Transferor companies') to Indus Towers Limited (Indus) was sanctioned by the Hon'ble High Court of Delhi vide its order dated on April 18, 2013 subject to the final order in another appeal pending before the Division Bench of Delhi High Court and any other orders in any further proceedings thereafter. The Scheme had become operative from June 11, 2013 upon filing of certified copy of the order with the Registrar of Companies with an appointed date of April 1, 2009 i.e. effective date of scheme and accordingly effective June 11, 2013 the transferor companies have ceased to exist and have become part of Indus Towers Ltd. Pursuant to the Indus Merger the IRU agreements between the Transferor Companies and Transferee Company Ceases to exist.
Indus Consolidation	Indus Consolidation represents consolidation of Bharti Infratel's 42% proportionate shareholding in Indus Towers Ltd and 100% of BIVL till FY end 31st Mar 2013 net of IRU eliminations. W.e.f quarter ending June'13 and onwards Indus Consolidation represents consolidation of Bharti Infratel's 42% proportionate shareholding in Indus Towers Ltd.
Intangibles	Comprises of acquisition cost of software.
∞	Not ascertainable (infinite)
Interest Coverage Ratio (LTM)	It is computed by dividing EBITDA for the preceding (last) 12 months from the end of relevant period by interest on borrowing for the preceding (last) 12 months.
IRU	Indefeasible right to use
Lease Rent Equalization	It represents the effect of fixed escalations (as per the terms of lease agreements with landlords) recognized on straight line basis over the fixed, non-cancellable term of the agreement, as applicable
LTM	Last Twelve months
Market Capitalization	Number of issued and outstanding shares as at end of the period multiplied by closing market price (NSE) as at end of the period.
Mn	Million
MSA	Master Service Agreement

COMPANY RELATED TERMS

Maintenance & General Corporate Capex	Represents the capital expenditure undertaken by the company for general maintenance, upkeep and replacement of equipments installed at the towers which is undertaken on the end of their useful life as well as General Corporate related capital expenditure such as on office/ facilities and information technology.
Net Debt/ (Net Cash)	It is not an IGAAP measure and is defined as the long-term borrowing, short-term borrowings and current portion of long-term borrowings minus cash and cash equivalents, current and non-current investments and short term loan to the parent company as at the end of the relevant period.
Net Debt / (Net Cash) to EBITDA (LTM)	It is computed by dividing Net Debt/(Net Cash) as at the end of the relevant period by EBITDA for preceding (last) 12 months from the end of the relevant period.
Net Debt / (Net Cash)to Funded Equity Ratio	It is computed by dividing Net Debt/(Net Cash) as at the end of the relevant period by Equity attributable to equity share holders as at the end of the relevant period.
Operating Free Cash flow	It is not an IGAAP measure and is defined as EBITDA adjusted for Capex, revenue equalization & lease rent equalization.
PE Ratio	Price to Earnings ratio is calculated as closing market price (NSE) as at the end of relevant period, divided by diluted annual earnings per share. Annual Diluted Earnings per share is calculated by adding the preceding last four quarters diluted Earnings per share
ROC	Registrar of Companies
Return On Capital Employed (ROCE) Pre Tax - (LTM)	ROCE is computed by dividing the sum of EBIT for the period by average (of opening and closing) capital employed.
Return On Equity (ROE) (LTM)	ROE is computed by dividing the sum of Profit after tax for the period by average (of opening and closing) equity shareholders funds.
Revenue per Employee per month	It is computed by dividing the Total Revenues (net of inter-segment eliminations) by the average number of on – roll employees in the business unit and number of months in the relevant period.
Revenue Equalization	It represents the effect of fixed escalations (as per the terms of service agreements with customers) recognized on straight line basis over the fixed, non-cancellable term of the agreement, as applicable.
SHA	Shareholders Agreement
Sharing Operator	A party granted access to a tower and who has installed active infrastructure at the tower
Sharing Revenue	It represents service revenue accrued during the relevant period and includes revenue equalization net of service level credits.
Sharing revenue per Sharing Operator per month	Is calculated on the basis of sharing revenues accrued during the relevant period divided by the average number of co-locations for the period, determined on the basis of opening and closing number of co-locations for the relevant period.
Sharing revenue per Tower per month	Is calculated on the basis of sharing revenues accrued during the relevant period divided by the average number of towers for the period, determined on the basis of opening and closing number of towers for the relevant period.

COMPANY RELATED TERMS	
Towers	Infrastructure located at a site which is permitted by applicable law to be shared, including, but not limited to, the tower, shelter, diesel generator sets and other alternate energy sources, battery banks, air conditioners and electrical works. Towers as referred to are revenue generating towers
Tower and related infrastructure	Infrastructure Located at site which is permitted by applicable law to be shared, including, but not limited to, the tower, shelter, diesel generator sets and other alternate energy sources, battery banks, air conditioners and electrical works
REGULATORY	
BSE	Bombay Stock Exchange
DoT	Department of Telecommunications
IP1	Infrastructure Provider Category 1
IPO	Initial Public Offering
NSE	National Stock Exchange
SEBI	Securities and Exchange Board of India
TEC	Telecom Engineering Center
TRAI	Telecom Regulatory Authority of India
OTHERS (INDUSTRY) TERMS	
BTS	Base Transceiver Station
CII	Confederation of Indian Industry
DG	Diesel Generator
EMF	Electro Magnetic Field
FDD	Frequency Division Duplex
FCU	Free Cooling Unit
GBT	Ground Based Tower
IPMS	Integrated Power Management System
LTE	Long Term Evolution
PPC	Plug and Play Cabinet
RESCO	Renewable Energy Service Company
RTT	Roof Top Tower
TAIPA	Tower and Infratsructure Providers Association

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Guwahati - 781 022, Assam

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