Notes to Financial Statements

(Amounts in millions of Indian Rupees, unless stated otherwise)

1. Corporate information

Indus Towers Limited (formerly Bharti Infratel Limited) ('the Company' or 'Indus') was 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 Company is publicly traded on National Stock Exchange of India (NSE) and BSE Limited. The Registered office of the Company is situated at 901, Park Centra, Sector-30 NH-8, Gurugram Haryana-122001.

The Scheme of amalgamation and arrangement between the Company and erstwhile Indus Towers Limited (a joint venture company) became effective on November 19, 2020. Upon implementation of the Scheme, the joint venture company (i.e. erstwhile Indus Towers Limited) merged into the Company on a going concern basis. Further, the name of the Company was changed from Bharti Infratel Limited to Indus Towers Limited w.e.f. December 10, 2020 vide fresh certificate of incorporation issued by Registrar of Companies.

Upon implementation of the Scheme and allotment of shares to indirect wholly owned subsidiaries of Vodafone Group Plc., in addition to existing promoters (representing Bharti Airtel Limited along with its wholly owned subsidiary Nettle Infrastructure Investments Limited), the aforesaid indirect wholly owned subsidiaries of Vodafone Group Plc. have also been classified as promoters of the Company. Bharti Airtel Limited along with its wholly owned subsidiary holds 41.73% shares and Vodafone Group Plc. through its indirect wholly owned subsidiary companies holds 28.12% shares in the Company as on March 31, 2021.

The financial statements are approved for issuance by the Company's Board of Directors on April 22, 2021.

2. a) Statement of Compliance

The Standalone financial statements ("financial statements") have been prepared to comply in all material aspects with the Indian Accounting Standards (Ind AS) notified under section 133 of the Companies Act, 2013, read together with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and other relevant provisions of the Companies Act, 2013 (the Act) as amended from time to time.

b) Basis of preparation

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

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

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

3. Merger of 'erstwhile Indus Towers Limited' with 'the Company'

On April 25, 2018, Indus Towers Limited (formerly Bharti Infratel Limited) ('the Company' or 'Transferee Company') and its Joint Venture Company erstwhile Indus Towers Limited ('erstwhile Indus' or 'Transferor Company') and their respective shareholders and creditors entered into a scheme of amalgamation and arrangement (under section 230 to 232 and other applicable provisions of the Companies Act, 2013) ('Scheme') to create a pan-India tower company operating across all 22 telecom service areas. The Scheme has received requisite approvals from Competition Commission of India, Securities Exchange Board of India through BSE Limited and National Stock Exchange of India Limited and FDI approval from Department of Telecommunications ('DoT'). The Company has also received approval from National Company Law Tribunal ('NCLT'), Chandigarh on May 31, 2019 read with the order dated October 22, 2020. Furthermore, the Company has filed the certified copy of the NCLT order with the Registrar of Companies on November 19, 2020 i.e. the effective date of merger. Upon the Scheme becoming effective the erstwhile Indus stood dissolved without being wound-up.

As a result of above scheme, Bharti Airtel group through its subsidiary i.e Bharti Infratel Limited and Vodafone group through its joint venture i.e. erstwhile Indus Towers Limited contributed assets and liabilities to form a Joint arrangement in the name of Bharti Infratel Limited. Furthermore, the name of the Company has been changed from Bharti Infratel Limited to Indus Towers Limited w.e.f. December 10, 2020.

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(Amounts in millions of Indian Rupees, unless stated otherwise)

In compliance with the Scheme, 845,328,704 equity shares of the Company were issued to the shareholders of erstwhile Indus which have been recorded at face value of ₹ 10 per equity share and ₹ 37,642 Mn (inclusive of 41 Mn paid after effective date of merger) was paid to Vodafone Idea Limited (in lieu of cash option exercised for its shareholding of 11.15% in erstwhile Indus) by the Company. The stamp duty paid on issue of shares amounting to ₹ 8 Mn has been debited to Securities Premium Account.

As per Indian Accounting Standards as prescribed under section 133 of the Companies Act, 2013, no specific accounting guidance is given in case of formation of a joint arrangement, hence, the Company had an option to either account for such business combination using 'Pooling of interest' method or adopt the 'fair value' method. The Company has adopted 'Pooling of interest' method. Accordingly, all the assets, liabilities and reserves of erstwhile Indus have been recorded at their carrying amounts and in the form in which they appeared in the financial statements as at the date of merger. The financial information in the financial statement in respect of prior periods are not restated as the business combination was not involving entities under common control.

On the date of Scheme becoming effective, the Company has combined assets, liabilities and components of other equity of the erstwhile Indus on line by line basis. Furthermore, the Company has recognised impact of alignment of accounting practices a nd estimates of ₹ 589 Mn through General Reserve and ₹ 123 Mn (net of tax) through the Statement of profit and loss for the year ended March 31, 2021.

A) The carrying balances of the erstwhile Indus which have been added to the respective line items in the Balance Sheet of the Company are as under:

Particulars	Amount as on the effective date of merger
Assets	
Non current assets	
Property, plant and equipment	164,884
Right of use assets	82,228
Capital work-in-progress	2,429
Intangible assets	109
Financial assets	
Other financial assets	9,166
Income tax assets (net)	6,432
Other non-current assets	10,061
	275,309
Current assets	
Financial assets	
Trade receivables	57,917
Cash and cash equivalents	2
Other financial assets	22,044
Other current assets	1,970
	81,933
Total assets	**357,242**
Equity and liabilities	
Equity	
Equity share capital	1
Other equity	146,043
	146,044
Liabilities	
Non-current liabilities	
Financial liabilities	
Borrowings	9,101
Lease liabilities	89,007
Other financial liabilities	3,965
Provisions	11,812
Deferred tax liabilities (net)	2,216
Other non-current liabilities	1,970
	118,071
Current liabilities	
Financial liabilities	
Borrowings	22,416
Trade payables	
Total outstanding dues of micro enterprises and small enterprises	98
Total outstanding dues of creditors other than micro enterprises and small enterprises	25,173
Lease liabilities	17,765
Other financial liabilities	17,099
Other current liabilities	7,972
Provisions	552
Current tax liabilities (net)	2,052
	93,127
Total liabilities	**211,198**
Total equity and liabilities	**357,242**

Notes to Financial Statements

(Amounts in millions of Indian Rupees, unless stated otherwise)

B) The impact on other equity on the effective date of merger is as follows:

Particulars	Reserves and surplus				Other comprehensive income	Total equity (₹ in Mn)
	Capital reserve	General reserve	Merger capital reserve	Retained earnings		
Reserves of erstwhile Indus	4,536	73,257	–	68,366	(116)	**146,043**
Investment of the Company into erstwhile Indus*	–	(58,033)	(1,888)	(382)	–	**(60,303)**
Cash paid to Vodafone Idea Limited (in lieu of cash option exercised for its shareholding of 11.15% in erstwhile Indus) by the Company	–	–	(37,642)	–	–	**(37,642)**
Share capital of erstwhile Indus less share capital issued by the Company	–	–	(8,452)	–	–	**(8,452)**
Total	**4,536**	**15,224**	**(47,982)**	**67,984**	**(116)**	**39,646**

*During the year ended March 31, 2014, under 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 erstwhile 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 had become part of erstwhile Indus. The Company was carrying investment in BIVL at ₹ 59,921 Mn. Pursuant to Indus Scheme, the Company has additionally got 504 shares in erstwhile Indus in lieu of transfer of its investment in BIVL to erstwhile Indus and recorded these additional shares at their fair value of ₹ 60,419 Mn in accordance with the scheme. The resultant gain of ₹ 382 Mn (net of taxes ₹ 116 Mn) has been disclosed as adjustment to carry forward balance of the Statement of Profit and Loss as at April 1, 2009.

The merger of erstwhile Indus with the Company has been accounted as per 'Pooling of interest' method according to which the identity of the reserves (of the transferor) shall be preserved and shall appear in the financial statements of the transferee in the same form in which they appeared in the financial statements of the transferor. Consequently, all the reserves of the transferor (erstwhile Indus) have been recorded at their respective book values and their identity has been preserved.

Upon the merger becoming effective, the investment in Joint Venture (erstwhile Indus) has been cancelled by debiting the General Reserve to the extent available (i.e. ₹ 58,033 Mn) in the books of the Transferee Company, which was created out of the "BAL Scheme" (refer Note 44(a) for details of BAL scheme). There is no restriction for making adjustment to the reserves in the books of the transferee, and in accordance with the BAL scheme, such "General Reserve shall constitute free reserve available for all purposes of the Company and to be utilised by the Company at its own discretion as it considers proper including in particular for off-setting any additional depreciation that may be charged by the Company". Further, earlier recognised gain of ₹ 382 Mn and deferred tax liability of ₹ 116 Mn have been reversed and the balance amount of investment in joint venture i.e. ₹ 1,888 Mn has been debited to the merger Capital Reserve on account of cancellation of such investment.

In addition to above, difference between share capital of erstwhile Indus of ₹ 1 Mn and shares issued by the Company of ₹ 8,453 Mn and cash paid of ₹ 37,642 Mn to the shareholders of the erstwhile Indus have resulted into debit balance of Merger Capital Reserve.

4. Significant accounting policies, judgements, estimates and assumptions

4.1 Significant accounting policies

a) Property, Plant and Equipment

Property, plant and equipment including Capital work in progress is stated at cost, except assets acquired under Schemes of Arrangement, which are stated at fair values as per the Schemes, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the Property, plant and equipment and borrowing costs for long term construction projects if the recognition criteria are met. When significant parts of property, plant and equipment

Notes to Financial Statements

(Amounts in millions of Indian Rupees, unless stated otherwise)

are required to be replaced in intervals, the Company recognizes such parts as separate component of assets with specific useful lives and provides depreciation over their useful life. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repair and maintenance costs are recognised in the Statement of Profit and Loss as incurred.

The present value of the expected cost for the decommissioning of the asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met. Refer note 4.2 regarding significant accounting judgements, estimates and assumptions and provisions for further information about the recorded decommissioning provision.

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

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

Particulars	Useful lives
Office Equipment	2 years / 5 years
Computer	3 years
Vehicles	5 years
Furniture and Fixtures	5 years
Plant and Machinery	3 to 20 Years
Leasehold Improvement	Period of Lease or useful life, whichever is less

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

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

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

On transition to Ind AS, the Company has elected to continue with the carrying value of all its property, plant and equipment (including assets acquired under Schemes of Arrangement) except with an adjustment in decommissioning cost recognised as at April 1, 2015 measured as per the previous GAAP and use that carrying value as the cost of the property, plant and equipment.

b) Intangible Assets

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

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

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

Software is capitalized at the amounts paid to acquire the respective license for use and is amortised over the period of license, generally not exceeding three years.

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

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c) Impairment of non-financial assets

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

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. Impairment losses, if any, are recognized in the Statement of Profit and Loss as a component of depreciation and amortisation expense.

A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited to the extent the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation or amortisation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognized in the Statement of Profit and Loss when the asset is carried at the revalued amount, in which case the reverse is treated as a revaluation increase.

d) Current versus non-current classification

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

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

Current assets include the current portion of non-current assets. All other assets are classified as non-current.

A liability is current when:

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

Current liabilities include the current portion of long-term liabilities. The Company classifies all other liabilities as non-current.

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

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

e) Leases

The company assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether: (i) the contract involves the use of an identified asset (ii) the Company has substantially all of the economic benefits from use of the asset through the period of the lease and (iii) the Company has the right to direct the use of the asset.

Company as a lessee

The Company recognizes right-of-use asset (ROU) representing its right to use the underlying asset for the lease term and a corresponding lease liability at the

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lease commencement date. The cost of the right-of-use asset measured at inception shall comprise of the amount of the initial measurement of the lease liability adjusted for any lease payments made at or before the commencement date less any lease incentives received, plus any initial direct costs incurred. The right-of-use assets is subsequently measured at cost less any accumulated depreciation, accumulated impairment losses, if any and adjusted for any remeasurement of the lease liability. The right-of-use asset is depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset. Right-of-use assets are tested for impairment whenever there is any indication that their carrying amounts may not be recoverable. Impairment loss, if any, is recognised in the statement of profit and loss.

The Company measures the lease liability at the present value of the lease payments that are not paid at the commencement date of the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses incremental borrowing rate. For leases with reasonably similar characteristics, the Company may adopt the incremental borrowing rate for the entire portfolio of leases as a whole. The lease payments shall include fixed payments, variable lease payments, residual value guarantees, exercise price of a purchase option where the Company is reasonably certain to exercise that option and payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease. The lease liability is subsequently remeasured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made and remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments.

The Company recognises the amount of the re-measurement of lease liability as an adjustment to the right-of-use asset. Where the carrying amount of the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, the Company recognizes any remaining amount of the re-measurement in the statement of profit and loss.

The Company may elect not to apply the requirements of Ind AS 116 to leases for which the underlying asset is of low value. The lease payments associated with these leases are recognized as an expense on a straight-line basis over the lease term.

The Company has opted to recognize the asset retirement obligation liability as part of the cost of an item of property, plant and equipment in accordance with Ind AS 16.

Company as a lessor

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

Leases where the Company does not transfer substantially all the risks and rewards incidental to ownership of the asset are classified as operating leases. Lease rentals under operating leases are recognized as income on a straight-line basis over the lease term. Contingent rents are recognized as revenue in the period in which they are earned.

As a lessor, in accordance with Ind AS 116 the Company has created Revenue equalisation reserve (RER) for fixed escalation clauses present in non-cancellable lease agreements with the customers on prospective basis effective April 1, 2019.

f) Share-based payments

The Company issues equity-settled and cash-settled share-based options to certain employees. These are measured at fair value on the date of grant.

The fair value determined at the grant date of the equity-settled share-based options is expensed over the vesting period, based on the Company's estimate of the shares that will eventually vest.

The fair value determined on the grant date of the cash settled share based options is expensed over the vesting period, based on the Company's estimate of the shares that will eventually vest. 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 recognized,

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with any changes in fair value pertaining to the vested period recognized immediately in the Statement of Profit and Loss.

At the vesting date, the Company's estimate of the shares expected to vest is revised to equal the number of equity shares that ultimately vest.

Fair value is measured using Black-Scholes framework and is recognized as an expense, together with a corresponding increase in equity/ liability as appropriate, over the period in which the options vest using the graded vesting method. The expected life used in the model is adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioral considerations. The expected volatility and forfeiture assumptions are based on historical information.

Where the terms of a share-based payments 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.

Where an equity-settled award is cancelled, it is treated as if it is vested on the date of cancellation, and any expense not yet recognized for the award is recognized immediately. This includes any award where non-vesting conditions within the control of either the entity or the employee are not met. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect of outstanding options if any, is reflected as additional share dilution in the computation of diluted earnings per share.

g) Cash and Cash equivalents

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

h) Financial Instruments

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

Financial Assets

Initial Recognition and Measurement

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

Subsequent Measurement

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

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

Debt Instruments at Amortised Cost

This category applies to the Company's trade receivables, unbilled revenue, security deposits etc.

A 'debt instrument' is measured at the amortised cost if both the following conditions are met:

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

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

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part

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of the EIR. The EIR amortisation is included in finance income in the Statement of Profit and Loss. The losses arising from impairment are recognised in the Statement of Profit and Loss.

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

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

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

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

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

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

The Company has classified investment in tax free bonds within this category.

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

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

Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the Statement of Profit and Loss. This category applies to the Company's investment in government securities, mutual funds, taxable bonds and non convertible debentures.

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

Equity investments

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

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

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

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

Impairment of Financial Assets

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

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

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

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

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

Financial Liabilities

Initial Recognition and Measurement

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

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

Subsequent measurement

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

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

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

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

Financial Liabilities at Amortised cost

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

De-recognition

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

Reclassification of Financial Assets

The Company determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be infrequent. The Company's senior management determines change in the business model as a result of external or internal changes which are significant to the Company's operations. Such changes are evident to external parties. A change in the business model occurs when the Company either begins or ceases to perform an

Notes to Financial Statements

(Amounts in millions of Indian Rupees, unless stated otherwise)

activity that is significant to its operations. If the Company reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The Company does not restate any previously recognised gains, losses (including impairment gains or losses) or interest.

Offsetting of Financial Instruments

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

i) Revenue Recognition

The Company earns revenue primarily from rental services by leasing of passive infrastructure and energy revenue by the provision of energy for operation of sites.

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

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

Service revenue

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

Rental revenue is recognized as and when services are rendered on a monthly basis as per the contractual terms prescribed under master service agreement entered with customer. The Company has ascertained that the lease payment received are straight lined over the period of the contract.

Exit Charges on site exit and equipment de-loading is recognised when uncertainty relating to such exit and de-loading is resolved and it is probable that a significant reversal relating to recoverability of these charges will not occur.

Interest on delayed payment from operators is recognized as income when uncertainty relating to amount receivable is resolved and it is probable that a significant reversal relating to this amount will not occur.

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

Unbilled revenue represents revenues recognized for the services rendered for the period falling after the last invoice raised to customer till the period end. These are billed in subsequent periods based on the prices specified in the master service agreement with the customers, whereas invoicing in excess of revenues are classified as unearned revenues. The Company collects GST on behalf of the government and therefore, it is not an economic benefit flowing to the Company, hence it is excluded from revenue.

Use of significant judgements in revenue recognition

The Company's contracts with customers include promises to transfer services to a customer which are energy and rentals. Rentals are not covered within the scope of Ind AS 115, hence identification of distinct performance obligation within Ind AS 115 do not involve significant judgement.

Judgement is required to determine the transaction price for the contract. The transaction price could be either a fixed amount of customer consideration or variable consideration with elements such as discounts, service level credits, waivers etc. The estimated amount of variable consideration is adjusted in the transaction price only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur and is reassessed at the end of each reporting period.

In evaluating whether a significant revenue reversal will not occur, the Company considers the likelihood and magnitude of the revenue reversal and evaluates factors which results in constraints such as historical experience of the Company with a particular type of contract, and the regulatory environment in which the customers operates which results in uncertainty which is less likely to be resolved in near future.

The Company provides volume discount to its customers based on slab defined in the revenue contracts. Contract also contains clause on Service Level Penalty/ rewards in case the Company is not able to maintain uptime level mentioned in the agreement. These discount/penalties are called variable consideration.

There is no additional impact of variable consideration as per Ind AS 115 since maximum discount is already being given to customer and the same is deducted from revenue.

There is no additional impact of SLA penalty as the Company already estimates SLA penalty amount and the same is provided for at each month end. The SLA penalty is presented as net off with revenue in the Statement of profit and loss.

Determination of standalone selling price does not involve significant judgement for the Company. The Company exercises judgement in determining whether the performance obligation is satisfied at a point in time or over a period of time. The Company considers the indicators on how customer consumes benefits as services are rendered in making the evaluation. Contract fulfillment costs are generally expensed as incurred. The assessment of this criteria requires the application of judgement, in particular when considering if costs generate or enhance resources to be used to satisfy future performance obligations and whether costs are expected to be recovered.

Dividend Income

Dividend Income is recognized when the right to receive payment is established, which is generally on the date when shareholders approve the dividend in case of final dividend and approval by Board of Directors in case of interim dividend.

j) Finance income

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

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

k) Other income

Other income includes dividend income, interest on income tax refund, gain on sale of property, plant and equipment etc. Any gain or loss arising on derecognition of property, plant and equipment is calculated as the difference between the net disposal proceeds and the carrying amount of the asset.

l) Finance cost

Finance costs comprise Borrowing cost, interest expense on lease obligations, accretion of interest on site restoration obligation and security deposits received.

m) Income Taxes

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

Current tax

The current tax is calculated on the basis of the tax rates, laws and regulations, which have been enacted or substantively enacted as at the reporting date. The payment made in excess / (shortfall) of the Company's income tax obligation for the period are recognised in the balance sheet as current income tax assets / liabilities. Any interest, related to accrued liabilities for potential tax assessments are not included in Income tax charge or (credit), but are rather recognised within finance costs. The management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

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The expense on dividends are linked directly to past transactions or events that generated distributable profits than to distribution to owners. Therefore the company shall recognise the income tax on dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events.

Deferred tax

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

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

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

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

n) Dividend Payments

Final dividend is recognized, when it is approved by the shareholders and the distribution is no longer at the discretion of the Company. However, Interim dividends are recorded as a liability on the date of declaration by the Company's Board of Directors.

o) Retirement and other employee benefits

Short term employee benefits are recognised in the period during which the services have been rendered. All employee benefits expected to be settled wholly within twelve months of rendering the service are classified as short-term employee benefits. When an employee has rendered service to the Company during an accounting period, the Company recognises the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service as an expense unless another Ind AS requires or permits the inclusion of the benefits in the cost of an asset. Benefits such as salaries, wages and short-term compensated absences and bonus etc. are recognised in Statement of Profit and Loss in the period in which the employee renders the related service. A liability is recognised for the amount expected to be paid after deducting any amount already paid under short-term cash bonus or profit-sharing plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

The Company post employment benefits include defined benefit plan and defined contribution plans. The Company also provides other benefits in the form of deferred compensation and compensated absences.

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions to a statutory authority and will have no legal or constructive obligation to pay further amounts. The Company contributions to defined contribution plans are recognized in the Statement of Profit and Loss when the related services are rendered. The Company has no further obligations under these plans beyond its periodic contributions.

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. Under the defined benefit retirement plan, the Company provides retirement obligation in the form of Gratuity. Under the plan, a lump sum payment is made to eligible employees at retirement or termination of employment based on respective employee salary and years of experience with the Company.

The cost of providing benefits under this plan is determined on the basis of actuarial valuation carried out quarterly as at the reporting date by an independent qualified actuary using the projected unit credit method. Actuarial gains and losses are recognised in full in the period in which they occur in other comprehensive income forming part of the Statement of Profit and Loss.

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The obligation towards the said benefit is recognised in the balance sheet as the difference between the fair value of the plan assets and the present value of the plan liabilities. Scheme liabilities are calculated using the projected unit credit method and applying the principal actuarial assumptions as at the date of Balance Sheet. Plan assets are assets that are held by a long-term employee benefit fund or qualifying insurance policies.

All expenses excluding remeasurements of the net defined benefit liability (asset), in respect of defined benefit plans are recognized in the profit or loss as incurred. Remeasurements, comprising actuarial gains and losses and the return on the plan assets (excluding amounts included in net interest on the net defined benefit liability (asset)), are recognized immediately in the Balance Sheet with a corresponding debit or credit through other comprehensive income in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

The Company provides other benefits in the form of compensated absences and long term service awards. The employees of the Company are entitled to compensated absences based on the unavailed leave balance. 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.

Under the long term service award plan, a lump sum payment is made to an employee on completion of specified years of service. The Company records the 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 amount charged to the Statement of Profit and Loss in respect of these plans is included within operating costs.

p) Provisions

(i) General

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

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

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time (i.e. unwinding of discount) is recognised as a finance cost.

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

(ii) Contingent Assets/ Liabilities

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

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

(iii) Asset Retirement Obligations

Asset retirement obligations ('ARO') are provided for those operating lease arrangements where the Company has a binding obligation at the end of the lease period to restore the leased premises in a condition similar to inception of lease.

Notes to Financial Statements

(Amounts in millions of Indian Rupees, unless stated otherwise)

ARO are provided at the present value of expected costs to settle the obligation using estimated cash flows and are recognized as part of the cost of the particular asset. The cash flows are discounted at a current pre-tax rate that reflects the risks specific to the site restoration obligation. The unwinding of the discount is expensed as incurred and recognized in the Statement of Profit and Loss as a finance cost. The estimated future costs of decommissioning are reviewed annually and adjusted as appropriate. Changes in the estimated future costs or in the discount rate applied are added to or deducted from the cost of the asset.

q) Earnings Per Share (EPS)

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

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

r) Fair Value Measurement

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

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

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

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

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

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

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

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

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

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

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s) Foreign Currency

Functional and presentation currency

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

Transactions and Balances

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

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

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

t) Share capital

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of any tax effects.

u) Non-GAAP measure of financial performance

Profit before depreciation and amortization, finance cost, finance income, charity and donation and tax is an important measure of financial performance relevant to the users of financial statements and stakeholders of the Company. Hence, the Company presents the same as an additional line item on the face of the Statement of Profit and Loss considering such presentation is relevant for understanding of the Company's financial position and performance.

4.2 Significant accounting judgements, estimates and assumptions

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

Judgements

In the process of applying the Company's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the financial statements:

a) Leases

Company as lessor

The Company has assessed that its master service agreement ("MSA") with operators contains lease of its tower sites and plant and equipment and has determined, based on evaluation of the terms and conditions of the arrangements such as various lessees sharing the same tower sites with specific area, the fair value of the asset and all the significant risks and rewards of ownership of these properties retained by the Company, that such contracts are in the nature of operating lease and has accounted for as such.

Lease rentals under operating leases are recognised as income on straight line basis over the lease term.

Company as lessee

The Company determines the lease term as the non-cancellable period of a lease, together with both periods covered by an option to extend the lease if the Company is reasonably certain to exercise that option; and periods covered by an option to terminate the lease if the Company is reasonably certain not to exercise that option. In

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assessing whether the Company is reasonably certain to exercise an option to extend a lease, or not to exercise an option to terminate a lease, it considers all relevant facts and circumstances that create an economic incentive for the Company to exercise the option to extend the lease, or not to exercise the option to terminate the lease. The Company evaluates if an arrangement qualifies to be a lease as per the requirements of Ind AS 116. Identification of a lease requires significant judgment. The Company uses significant judgement in assessing the lease term (including anticipated renewals) and the applicable discount rate. The discount rate is generally based on the incremental borrowing rate calculated as the weighted average rate specific to the portfolio of leases with similar characteristics.

Estimates and assumptions

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

b) Impairment of non-financial assets

The carrying amounts of the Company's non-financial assets, other than deferred tax assets, are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit ('CGU') is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets ('CGU').

The Company's corporate assets do not generate separate cash inflows. If there is an indication that a corporate asset may be impaired, then the recoverable amount is determined for the CGU to which the corporate asset belongs.

An impairment loss is recognized, if the carrying amount of an asset or its cash-generating unit exceeds its estimated recoverable amount and are recognised in the Statement of Profit and Loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of goodwill, if any, allocated to the units and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis.

Impairment losses recognised in prior periods are assessed at end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Such reversal is recognised in the statement of profit and loss except when the asset is carried at revalued amount, the reversal is treated as a revaluation increase.

c) Property, plant and equipment

Refer Note 4.1(a) for the estimated useful life of Property, plant and equipment.

Property, plant and equipment also represent a significant proportion of the asset base of the Company. Therefore, the estimates and assumptions made to determine their carrying value and related depreciation are critical to the Company's financial position and performance.

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

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

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During the period ended March 31, 2021, the Company has revised the useful life of civil work included in Plant and machinery from 15 years to 20 years with effect from December 1, 2020. Set out below is impact of such change on future period depreciation:

Particulars	Year ended March 31, 2021	Year ended March 31, 2022
Decrease in Depreciation	405	1043

Further, the Company has also reassessed useful life from 15 years to 20 years and estimate of dismantling obligation for Asset retirement obligation w.e.f. December 1, 2020 and has taken the credit of ₹ 184 Mn in the Statement of Profit and Loss.

d) Allowance of doubtful trade receivable

The expected credit loss is mainly based on the ageing of the receivable balances and historical experience. Based on the industry practices and the business environment in which the entity operates, management considers that the trade receivables are provided if the payment are more than 180 days past due from related parties and 90 days past due from other customers. The receivables are assessed on an individual basis or grouped into homogeneous groups and assessed for impairment collectively, depending on their significance. Moreover, trade receivables are written off on a case-to-case basis if deemed not to be collectible on the assessment of the underlying facts and circumstances.

e) Asset retirement obligation

The Company uses various leased premises to install its tower assets. A provision is recognised for the cost to be incurred for the restoration of these premises at the end of the lease period, which is estimated based on actual quotes, which are reasonable and appropriate under these circumstances. It is expected that these provisions will be utilised at the end of the lease period of the respective sites as per respective lease agreements.

f) Share based payment

The Company initially measures the cost of cash-settled transactions with employees using a binomial model to determine the fair value of the liability incurred. Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. For cash-settled share-based payment transactions, the liability needs to be remeasured at the end of each reporting period up to the date of settlement, with any changes in fair value recognised in the profit or loss. This requires a reassessment of the estimates used at the end of each reporting period.

g) Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the Balance Sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the discounted cash flow model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk volatility and discount rates. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

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5 (a) Property plant and equipment

Particulars	Land	Plant and equipment	Office furniture and equipment	Vehicles	Computers	Leasehold improvements	Tangible assets Total	Capital work-in-progress	Intangible assets#
Cost or valuation									
As at March 31, 2019	2	145,913	234	7	950	350	**147,456**	**1,039**	**536**
Adjustments for Ind AS 116*	–	**(138)**	–	–	–	–	**(138)**	–	–
Restated balance as at April 1, 2019	**2**	**145,775**	**234**	**7**	**950**	**350**	**147,318**	**1,039**	**536**
Additions	–	9,047	25	–	7	7	**9,086**	**7,447**	**128**
Disposals/adjustments	–	(4,181)	(5)	(5)	(33)	–	**(4,224)**	**(7,953)**	–
As at March 31, 2020	**2**	**150,641**	**254**	**2**	**924**	**357**	**152,180**	**533**	**664**
Pursuant to merger of erstwhile Indus Towers Limited with the Company (refer note 3)	**2**	**393,140**	**528**	–	**944**	**815**	**395,429**	**2,429**	**2,078**
Additions	–	22,712	9	–	54	22	**22,797**	**22,535**	**8**
Disposals/adjustments	–	(7,593)	(6)	(2)	(53)	–	**(7,654)**	**(22,786)**	**(3)**
As at March 31, 2021	4	558,900	785	–	1,869	1,194	562,752	2,711	2,747
Accumulated depreciation/ amortisation									
As at March 31, 2019	–	**92,876**	**210**	**5**	**890**	**272**	**94,253**	–	**490**
Adjustments for Ind As 116*	–	**(53)**	–	–	–	–	**(53)**	–	–
Restated balance as at April 1, 2019	–	92,823	210	5	890	272	**94,200**	–	**490**
Charge for the year	–	10,961	24	–	39	20	**11,044**	–	**77**
Disposals/adjustments	–	(3,564)	(4)	(4)	(27)	–	**(3,599)**	–	–
As at March 31, 2020	–	**100,220**	**230**	**1**	**902**	**292**	**101,645**	–	**567**
Pursuant to merger of erstwhile Indus Towers Limited with the Company (refer note 3)	–	**228,460**	**490**	–	**812**	**783**	**230,545**	–	**1,969**
Charge for the year	–	21,631	21	–	75	20	**21,747**	–	**160**
Disposals/adjustments	–	(6,797)	(6)	(1)	(53)	–	**(6,857)**	–	–
As at March 31, 2021	–	343,514	735	–	1,736	1,095	347,080	–	2,696
As at March 31, 2020	**2**	**50,421**	**24**	**1**	**22**	**65**	**50,535**	**533**	**97**
As at March 31, 2021	4	215,386	50	–	133	99	215,672	2,711	51

The lenders have a first charge on pari-passu basis by way of hypothecation of the Company's entire plant and equipments, including tower assets, related equipment and spares, tools and accessories, furniture and fixtures, vehicles and all other moveable assets, present and future. The security interest ranks pari-passu amongst all secured lenders.

* Refer note 48 for details

Intangible assets include Computer software.

(i) Plant and equipment comprise of assets given on operating lease.

(ii) Depreciation charge for the year includes ₹ 1,078 Mn (FY 2019-20 - ₹ 255 Mn) being the amount provided for asset obsolescence/impairment with respect to assets not in active use.

(iii) Disposal/adjustment includes cost and accumulated depreciation for assets sold and the assets for which insurance claims are made by the Company.

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5 (b) Right of use assets *

Particulars	Amount
As at April 1, 2019	**15,729**
Additions for the year	5,582
Disposals for the year	(3,095)
Depreciation for the year	(2,055)
As at March 31, 2020	**16,161**
Pursuant to merger of erstwhile Indus Towers Limited with the Company (refer note 3)	**82,228**
Additions for the year	16,770
Disposals for the year	(5,230)
Depreciation for the year	(7,951)
As at March 31, 2021	**101,978**

*For details, refer note 48.

6 Investment in joint venture

Particulars	As at March 31, 2021 (refer notes 3 & 52)	As at March 31, 2020
Unquoted, at cost		
Erstwhile Indus towers Limited: Nil (March 31, 2020 - 500,504) equity shares of ₹ 1 each fully paid up (refer note 3)	–	60,419
Total	–	**60,419**

7 Investment (non-current)

Particulars	As at March 31, 2021 (refer notes 3 & 52)	As at March 31, 2020
Investment in subsidiary (unquoted) at cost		
Smartx Services Limited: 15,000,000 (March 31, 2020-12,000,000) equity shares of ₹ 10 each fully paid up	150	120
Investments carried at fair value through profit or loss		
Mutual funds (quoted)	–	17,002
Total	150	**17,122**

Investment (current)

Particulars	As at March 31, 2021 (refer notes 3 & 52)	As at March 31, 2020
Investments carried at fair value through profit or loss		
Mutual funds (quoted)	19,773	34,441
Government securities (quoted)	2,941	2,940
Total	22,714	**37,381**
Aggregate value of unquoted investments (cost)	150	120
Aggregate value of quoted investments (cost)	19,902	50,798
Aggregate market value of quoted investments	22,714	54,383

Notes to Financial Statements

(Amounts in millions of Indian Rupees, unless stated otherwise)

Non-current investments

Details of investments in mutual funds are provided below:

Particulars	As at March 31, 2021 (refer notes 3 & 52)		As at March 31, 2020	
	Units	Amount	Units	Amount
Axis Liquid Fund - Growth (CFGPG)	1,251,982	2,845	2,173,652	4,769
Baroda Pioneer Liquid Fund - Plan A - Growth	1,513,826	3,559	1,513,826	3,442
DSP Liquid Fund-Regular-Plan-Growth	1,038,845	3,033	1,138,181	3,212
L& T Liquid - Growth	784,834	2,202	784,834	2,127
Tata Liquid Fund Regular Plan-Growth	687,670	2,218	687,670	2,142
UTI - Liquid Cash Plan - Institutional Growth	404,787	1,357	404,787	1,310
	5,681,944	15,214	6,702,950	17,002
Reclassed to current investments	(5,681,944)	(15,214)	–	–
Total	–	–	6,702,950	17,002

Current investments

Details of investments in mutual funds are provided below:

Particulars	As at March 31, 2021 (refer notes 3 & 52)		As at March 31, 2020	
	Units	Amount	Units	Amount
Aditya Birla Sun Life Liquid fund - Growth - Regular plan	–	–	8,581,317	2,727
Aditya Birla Sun Life Money Manager Fund - Growth- Regular Plan	2,995,937	854	2,995,937	806
Aditya Birla Sun Life Overnite fund- Growth - Regular plan	–	–	232,034	250
Franklin India Liquid Fund	–	–	1,084,202	3,221
HDFC liquid fund - Regular Plan - Growth	–	–	22,284	87
HSBC Cash Fund	1,817,400	3,705	1,817,400	3,579
ICICI Prudential Liquid Plan- Growth	–	–	17,169,140	5,022
Invesco India Liquid Fund - Growth	–	–	184,237	500
Kotak Liquid fund - Growth (Regular Plan)	–	–	873,307	3,494
Kotak Money Market Fund Growth Regular Plan	–	–	1,036,601	3,421
Nippon India Liquid Fund-Growth Plan-Growth Option	–	–	819,713	3,953
SBI Liquid Fund Regular Growth	–	–	1,392,098	4,307
Sundaram Money Fund Regular Growth	–	–	24,329,258	1,013
UTI-Money Market Fund -Institutional Plan - Growth	–	–	915,970	2,061
	4,813,337	4,559	61,453,498	34,441
Reclassed from non-current investments (refer non-current investments)	5,681,944	15,214	–	–
Total	10,495,281	19,773	61,453,498	34,441

Details of investments in government securities are provided below:

Particulars	As at March 31, 2021 (refer notes 3 & 52)		As at March 31, 2020	
	Units	Amount	Units	Amount
7.68% Govt Stock 2023	27,500,000	2,941	27,500,000	2,940
Total	27,500,000	2,941	27,500,000	2,940

Notes to Financial Statements

(Amounts in millions of Indian Rupees, unless stated otherwise)

8 Other financial assets (non-current)

Particulars	As at March 31, 2021 (refer notes 3 & 52)	As at March 31, 2020
Security deposit		
Unsecured, considered good	10,310	1,427
Unsecured, considered doubtful	1,117	364
Less :- Provisions	(1,117)	(364)
	10,310	1,427
Loans given - unsecured, considered good* (refer note 41)	192	189
Fixed deposits for more than one year #	216	16
Total	10,718	1,632

*The Company has granted an interest free unsecured loan to its wholly owned subsidiary company "Smartx Services Limited".

#Represents margin money against various guarantees issued by banks on behalf of the Company and fixed deposits which have been marked lien to government/local authorities. These deposits are not available for use by the Company as the same are in the nature of restricted cash.

Other financial assets, current

Particulars	As at March 31, 2021 (refer notes 3 & 52)	As at March 31, 2020
Unbilled revenue*	29,087	4,357
Interest accrued on investments and deposits	467	66
Other recoverable#	37	60
Total	29,591	4,483

* 'Unbilled revenue' includes amount pertaining to related parties amounting to ₹ 25,986 Mn as at March 31, 2021 (March 31, 2020 - ₹ 3,061 Mn). For details refer note 41.

'Other recoverable' is net of provision of ₹ 12 Mn (March 31, 2020 - ₹ 8 Mn).

9 Taxes

a) Income tax expense

i. Profit and loss

Particulars	Year ended March 31, 2021 (refer notes 3 & 52)	Year ended March 31, 2020
Current tax	9,850	5,805
Deferred tax	(72)	851
Income tax expense	9,778	6,656

Current tax expense includes tax charge of ₹ 10 Mn (March 31, 2020 : ₹ 9 Mn) and deferred tax expense includes tax expense reversal of ₹ 16 Mn (March 31, 2020 : ₹ 1 Mn), respectively relating to earlier periods.

Further, deferred tax expense includes tax expense reversal of ₹ 63 Mn in year ended March 31, 2021 due to Current tax benefit availed of ₹ 63 Mn in year ended March 31, 2020 on account of donation of ₹ 250 Mn to PM Cares fund (COVID-19) paid subsequent to March 31, 2020, as per the ordinance passed by the Government.

Notes to Financial Statements

(Amounts in millions of Indian Rupees, unless stated otherwise)

ii. Other comprehensive income

Particulars	Year ended March 31, 2021 (refer notes 3 & 52)	Year ended March 31, 2020
Deferred tax on re-measurements of defined benefits plan	7	(4)
Deferred tax on fair value changes of financial assets at FVTOCI	–	(13)
Income tax charged to other comprehensive income	**7**	**(17)**

b) Reconciliation of effective tax rate:

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

Particulars	Year ended March 31, 2021 (refer notes 3 & 52)	Year ended March 31, 2020
Net income before taxes	43,160	24,122
Enacted tax rate in India	25.168%	25.168%
Computed tax expense	**10,863**	**6,071**
Increase/(reduction) in taxes on account of:		
Tax effect on exempted income	–	(12)
Tax effect on deduction of dividend income under section 80 M	(1,057)	–
Tax effect of long-term MTM loss/(gain) on non-current investment	–	(54)
Tax effect of long term capital loss/(gain) on sale of non-current investment	(277)	11
Tax effect of disallowance on account of donation	140	75
Tax effect on transition to Ind AS 116 due to change in tax rate	–	562
Others	109	3
Income tax expense recorded in the statement of profit and loss	**9,778**	**6,656**

The applicable Indian statutory tax rate for financial year 2020-21 and 2019-20 is 25.168%.

The company has elected to exercise the option permitted under section 115BAA of the Income - tax Act, 1961 as introduced by the Taxation Laws (Amendment) Ordinance, 2019 dated September 20, 2019. Accordingly, the Company has recognised provision of Income tax and remeasured its deferred tax assets basis the rate prescribed in the said section and taken the full effect to the Statement of profit and loss for the year ended March 31, 2020.

c) Deferred tax liabilities/(assets)

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

Particulars	As at March 31, 2021 (refer notes 3 & 52)	As at March 31, 2020
Deferred tax liability in relation to:		
Right of use assets	25,666	4,068
Property, plant and equipment and intangible asset (excluding ARO)	7,091	41
Investment carried at fair value through profit or loss/ OCI	701	895
Security deposit received measured at amortised cost	81	19
Gain on disposal of subsidiary (refer note 3)	–	114
Tax effect on Donation to PM Cares Fund	–	63
Revenue equalisation reserve	2,423	325
Others	30	–
Total deferred tax liabilities	**35,992**	**5,525**

Notes to Financial Statements

(Amounts in millions of Indian Rupees, unless stated otherwise)

Particulars	As at March 31, 2021 (refer notes 3 & 52)	As at March 31, 2020
Deferred tax assets in relation to:		
Lease liabilities	32,777	5,469
Asset retirement obligation	28	598
Long term capital loss carried forward	174	254
Provision for doubtful debts and advance	1,520	309
Security deposit paid measured at amortised cost	259	8
Provision for employee benefits	437	101
Employee stock option plans	86	86
Others	–	24
Total deferred tax assets	**35,281**	**6,849**
Net deferred tax liabilities/(asset)	**711**	**(1,324)**

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

The reconciliation of net deferred tax liability/ (asset) is follows:

Particulars	Year ended March 31, 2021 (refer notes 3 & 52)	Year ended March 31, 2020
Opening balance	(1,324)	(150)
Pursuant to merger of erstwhile Indus Towers Limited with the Company (refer note 3)	2,100	–
Tax expense during the year recognised in Statement of profit and loss and OCI	(65)	834
Tax expense on transition to Ind AS 116 (recognised in retained earnings)	–	(2,008)
Closing balance	**711**	**(1,324)**

10 Other non-current assets

Particulars	As at March 31, 2021 (refer notes 3 & 52)	As at March 31, 2020
Capital advances		
Unsecured, considered good	3	–
Unsecured, considered doubtful	–	–
Less: Provision for capital advances	–	–
	3	**–**
Others*		
Unsecured, considered good	5,476	1,252
Unsecured, considered doubtful	1,069	592
Less: Provision	(1,069)	(592)
	5,476	**1,252**
Revenue equalisation reserve	9,104	1,228
Total	**14,583**	**2,480**

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

Notes to Financial Statements

(Amounts in millions of Indian Rupees, unless stated otherwise)

11 Trade receivables

Particulars	As at March 31, 2021 (refer notes 3 & 52)	As at March 31, 2020
Secured, considered good	20,709	–
Unsecured, considered good	17,576	3,667
Significant increase in credit risk	4,850	897
Credit impaired	–	–
Less: Allowance for doubtful receivables	(4,850)	(897)
Total	**38,285**	**3,667**

Trade receivables are non-interest bearing and due after 15/30 days from the date of invoice. Trade receivables also includes amount outstanding from related parties, for details, refer note 41.

12 Cash and cash equivalents

Particulars	As at March 31, 2021 (refer notes 3 & 52)	As at March 31, 2020
Balance with banks		
On current accounts	129	50
Deposits with original maturity of less than three months	1	1,400
Total	**130**	**1,450**

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

Particulars	As at March 31, 2021 (refer notes 3 & 52)	As at March 31, 2020
Cash and cash equivalents as per balance sheet	130	1,450
Bank overdraft	(2)	(331)
Total	**128**	**1,119**

Reconciliation of Cash flow from financing activities for the year ended March 31, 2021

Particulars	Lease liabilities	Borrowings*	Dividend including taxes	Interest	Cash flow on account of merger# (refer note 3)	Total
As at April 1, 2020 (A)	**21,901**	**23,853**	**–**	**55**	**–**	**45,809**
Cash activities						
– Payments	(11,163)	(133,325)	(59,860)	(1,450)	(37,650)	(243,448)
– Proceeds	–	149,640	–	–	–	149,640
Total cash actvities (B)	**(11,163)**	**16,315**	**(59,860)**	**(1,450)**	**(37,650)**	**(93,808)**
Non Cash activities						
– Accrued	4,977	–	59,860	2,416	–	67,253
– Additions (net of terminations)	11,471	–	–	–	–	11,471
– Pursuant to merger of erstwhile Indus Towers Limited with the Company (refer note 3)	106,772	41,367	–	–	37,650	185,789
– Others	–	104	–	(519)	–	(415)
Total non cash activities (C)	**123,220**	**41,471**	**59,860**	**1,897**	**37,650**	**264,098**
Balance as at March 31, 2021 (A+B+C)	**133,958**	**81,639**	**–**	**502**	**–**	**216,099**

* 'Borrowings' include long term borrowings, short term borrowings and current maturities of long term borrowings.

#Payment of ₹ 37,642 Mn were made to Vodafone Idea Ltd. and stamp duty of ₹ 8 Mn paid on account of issue of new equity shares pursuant to merger of erstwhile Indus Towers Limited with the Company (refer note 3)

Notes to Financial Statements

(Amounts in millions of Indian Rupees, unless stated otherwise)

Reconciliation of Cash flow from financing activities for the year ended March 31, 2020

Particulars	Lease liabilities	Borrowings*	Dividend including taxes	Interest	Cash flow on account of merger	Total
As at April 1, 2019 (A)	**21,360**	**–**	**–**	**–**	**–**	**21,360**
Cash activities						
– Payments	(3,350)	–	(30,994)	(1,300)	–	(35,644)
– Proceeds	–	23,853	–	–	–	23,853
Total cash actvities (B)	**(3,350)**	**23,853**	**(30,994)**	**(1,300)**	**–**	**(11,791)**
Non Cash activities						
– Accrued	1,421	–	30,994	1,357	–	33,772
– Additions (net of terminations)	2,470	–	–	–	–	2,470
– Others	–	–	–	(2)	–	(2)
Total non cash activities (C)	**3,891**	**–**	**30,994**	**1,355**	**–**	**36,240**
Balance as at March 31, 2020 (A+B+C)	**21,901**	**23,853**	**–**	**55**	**–**	**45,809**

* 'Borrowings' include long term borrowings, short term borrowings and current maturities of long term borrowings.

13 Other bank balances

Particulars	As at March 31, 2021 (refer notes 3 & 52)	As at March 31, 2020
Fixed deposits with original maturity less than twelve months	–	18
Total	**–**	**18**

14 Other current assets

Particulars	As at March 31, 2021 (refer notes 3 & 52)	As at March 31, 2020
Loans and advances to related parties - unsecured, considered good (refer note 41)	56	191
Advance to supplier	2,838	1,838
Other taxes recoverable	2,045	389
Prepaid expenses	137	173
Revenue equalisation reserve	521	67
Others	8	16
Total	**5,605**	**2,674**

'Advance to supplier' is net of provision of ₹ 138 Mn (March 31, 2020 - ₹ 63 Mn). 'Other taxes recoverable' is net of provision of ₹ 14 Mn (March 31, 2020 - ₹ 18 Mn)

Notes to Financial Statements

(Amounts in millions of Indian Rupees, unless stated otherwise)

15 Share capital

a. Equity share capital:

Particulars	As at March 31, 2021 (refer notes 3 & 52)	As at March 31, 2020
Authorized Shares		
3,550,000,000 equity shares of ₹ 10 each (3,500,000,000 equity shares as at March 31, 2020)	35,500	35,000
Issued, subscribed and fully paid-up shares		
2,694,936,950 equity shares of ₹ 10 each fully paid-up (March 31, 2020 : 1,849,608,246 equity shares)	26,949	18,496
Total	**26,949**	**18,496**

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.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive any of the remaining assets of the Company in proportion to the number of equity shares held by the shareholders, after distribution of all preferential amounts.

The Board of Directors have declared following dividends during the year ended March 31, 2021 and March 31, 2020, which have been paid subsequently:

Particulars	Dividend w.r.t. financial year	Interim / final dividend	Date of board meeting in which dividend is declared	Rate of dividend per equity share of ₹ 10 each (in ₹)	Total dividend amount (₹ in Mn.)
Year ended March 31, 2021	FY 2019-20	3rd Interim	23-Apr-20	4.10	7,583
	FY 2020-21	1st Interim	27-Jul-20	2.30	4,254
	FY 2020-21	2nd Interim	28-Jan-21	17.82	48,023
		Total		**24.22**	**59,860**
Year ended March 31, 2020	FY 2018-19	Interim	24-Apr-19	7.50	13,872
	FY 2019-20	1st Interim	12-Aug-19	3.65	6,751
	FY 2019-20	2nd Interim	10-Dec-19	2.75	5,086
		Total		**13.90**	**25,709**

Notes to Financial Statements

(Amounts in millions of Indian Rupees, unless stated otherwise)

c. Shares held by Promoters/Parent Company:

Particulars	As at March 31, 2021 (refer notes 3 & 52)		As at March 31, 2020	
	No of Shares	₹ Million	No of Shares	₹ Million
Equity shares of ₹ 10 each fully paid				
Promoters w.e.f. November 19, 2020				
Bharti Airtel Limited (Parent Company till Nov 18, 2020)*	620,898,728	6,209	620,898,728	6,209
Nettle Infrastructure Investments Limited (Fellow Subsidiary till Nov 18, 2020)*	503,628,998	5,036	368,882,251	3,689
Omega Telecom Holdings Private Limited #	62,180,258	622	–	–
Euro Pacific Securities Ltd #	204,448,241	2,044	–	–
Vodafone Telecommunications (India) Limited #	83,280,998	833	–	–
Trans Crystal Ltd #	74,891,274	749	–	–
Mobilvest #	85,894,365	859	–	–
Prime Metals Ltd #	112,055,285	1,121	–	–
CCII (Mauritius), Inc.#	22,873,771	229	–	–
Asian Telecommunication Investments (Mauritius) Ltd #	50,255,070	503	–	–
Al-Amin Investments Ltd #	41,639,742	416	–	–
Usha Martin Telematics Limited#	20,302,800	203	–	–
Total	**1,882,349,530**	**18,824**	**989,780,979**	**9,898**

*Bharti Airtel Limited along with its wholly owned subsidiary holds 41.73% shares as on March 31, 2021 (March 31, 2020 - 53.51%).

Vodafone Group Plc. through its indirect wholly owned subsidiary companies holds 28.12% shares as on March 31, 2021 (March 31, 2020 - Nil).

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

Particulars	As at March 31, 2021 (refer notes 3 & 52)		As at March 31, 2020	
	No of Shares	% Holding	No of Shares	% Holding
Bharti Airtel Limited	620,898,728	23.04%	620,898,728	33.57%
Nettle Infrastructure Investments Limited	503,628,998	18.69%	368,882,251	19.94%
Euro Pacific Securities Ltd	204,448,241	7.59%	–	–
Silverview Portfolio Investments Pte. Ltd.	130,803,065	4.85%	130,803,065	7.07%
Total	**1,459,779,032**	**54.17%**	**1,120,584,044**	**60.58%**

e. 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, 2016, the Company allotted 2,897,776 equity shares (F.Y 2014-15, 2013-14 and 2012-13 - 4,468,180, 558,059 and 100,212 equity shares respectively) 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 36).

f. Aggregate number and class of shares bought back during the period of five years immediately preceding the reporting date:

During the year ended March 31, 2017, the Company brought back 47,058,824 equity shares of ₹ 10 each by way of tender offer through stock exchange mechanism for cash at price of ₹ 425 per equity share.

g. Shares reserved for issue under options:

For details of shares reserved for issue under the employee stock option plan (ESOP) of the Company, refer note 36.

Notes to Financial Statements

(Amounts in millions of Indian Rupees, unless stated otherwise)

16 Other equity

Particulars	As at March 31, 2021 (refer notes 3 & 52)	As at March 31, 2020
Securities premium	48,829	48,837
Share based payment reserve	41	60
Capital redemption reserve	471	471
Capital reserve	4,536	–
Merger capital reserve	(47,982)	–
General reserve	72,072	58,298
Retained earnings	54,168	12,659
Other comprehensive income	(111)	(12)
Total	**132,024**	**120,313**

(i) Securities premium

Securities premium is used to record the premium on issue of shares. The reserve is utilised in accordance with the provisions of the Companies Act, 2013.

(ii) Share based payment reserve

This relates to share options granted by the Company to its employees under its employee share options plan.

(iii) Capital redemption reserve

Capital redemption reserve was created on buy back of shares. A company may issue fully paid up bonus shares to its members out of Capital redemption reserve account.

(iv) Capital reserve

Capital reserve has arisen out of slump purchase of assets (Refer note 44(c)).

(v) Merger capital reserve

Merger capital reserve was created on account of merger of the Company with erstwhile Indus Towers Limited. (Refer Note 3)

(vi) General Reserve

General reserve was created out of Composite Scheme of arrangement with Bharti Airtel Limited. Pursuant to the merger of Joint Venture Company (i.e. erstwhile Indus Towers Limited) with the Company, the investment in Joint Venture Company has been cancelled by debiting the General Reserve to the extent available under the said Scheme (refer Note 3 and 44(a)).

Further, pursuant to the merger of erstwhile Indus Towers Limited with the Company, General reserve of erstwhile Indus Towers Limited was transferred to the Company which was created out on account of Scheme of Arrangement (Indus Scheme) in erstwhile Indus Towers Limited. The General Reserve account shall be treated as free reserve for all intents and purposes and shall form part of the net worth of the company (refer Note 3 and 44(b)).

Notes to Financial Statements

(Amounts in millions of Indian Rupees, unless stated otherwise)

17 Long term borrowings

Particulars	As at March 31, 2021 (refer notes 3 & 52)	As at March 31, 2020
Secured		
Term loans from banks*	1,667	–
Unsecured		
Term loans from banks*	25,322	–
	26,989	**–**
Current maturities of long-term borrowings (refer note 24)	(11,938)	–
Total	**15,051**	**–**

* ₹23 Mn has been adjusted towards unamortized upfront fee on borrowings.

Registration of charges

The Company 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:

(a) A first charge on pari-passu basis by way of hypothecation of the Company's entire movable assets plant and machinery, including tower, related equipment and spares, tools and accessories, furniture, fixtures, vehicles and all other movable assets, present and future;

(b) A charge on 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; and

(c) A first charge on pari-passu 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.

Weighted average cost of debt as at March 31, 2021 is 6.05% per annum on term loans from banks.

Repayment of loan

(i) Loan outstanding ₹ 1,250 Mn

As per the repayment schedule in the loan agreement, the Company has to repay loans amounting to ₹ 15,000 Mn availed from bank in 12 quarterly instalments which have commenced from August 2018.

(ii) Loan outstanding ₹ 417 Mn

As per the repayment schedule in the facility sanction letter, the Company has to repay loans amounting to ₹ 5,000 Mn availed from bank in 12 equated quarterly instalments which have commenced from August 2018.

(iii) Loan outstanding ₹ 5,250 Mn

As per the repayment schedule in the facility sanction letter, the Company has to repay loans amounting to ₹ 7,000 Mn availed from bank in 12 equated quarterly instalments which have commenced from August 2020.

Notes to Financial Statements

(Amounts in millions of Indian Rupees, unless stated otherwise)

(iv) Loan outstanding ₹ 2,250 Mn

As per the repayment schedule in the facility sanction letter, the Company has to repay loans amounting to ₹ 3,000 Mn availed from bank in 12 equated quarterly instalments which have commenced from September 2020.

(v) Loan outstanding ₹ 14,845 Mn

As per the repayment schedule in the facility sanction letter, the Company has to repay loans amounting to ₹ 17,000 Mn availed from bank in 12 equated quarterly instalments which have commenced from December 2020.

(vi) Loan outstanding ₹ 3,000 Mn

As per the repayment schedule in the facility sanction letter, the Company has to repay loans amounting to ₹ 3,000 Mn availed from bank in 12 equated quarterly instalments which will commence from April 2021.

For all the above loans, the Company may voluntarily prepay all or any portion of the disbursed loans based on certain specified clauses and subject to the conditions laid out in the loan agreement.

18 Lease liabilities

Particulars	As at March 31, 2021 (refer notes 3 & 52)	As at March 31, 2020
Balance at the beginning of the year	21,901	**21,360**
Pursuant to merger of erstwhile Indus Towers Limited with the Company (refer note 3)	106,772	–
Additions during the year	17,061	5,710
Deletions during the year	(5,590)	(3,240)
Interest accrued during the year	4,977	1,421
Payment of lease liabilities during the year	(11,163)	(3,350)
Balance at the end of the year	**133,958**	**21,901**
Current	21,769	2,385
Non-current	112,189	19,516

19 Other financial liabilities, non-current

Particulars	As at March 31, 2021 (refer notes 3 & 52)	As at March 31, 2020
Security deposits	5,236	635
Total	**5,236**	**635**

The above security deposit is the fair value of total security deposit at transaction value for ₹ 7,371 Mn as at March 31, 2021 (March 31, 2020 : ₹ 1,018 Mn)

'Security deposits' includes transaction value of ₹ 3,120 Mn (March 31, 2020 : ₹ 504 Mn) towards amounts received from related parties. For details, refer note 41.

Notes to Financial Statements

(Amounts in millions of Indian Rupees, unless stated otherwise)

20 Provisions, non-current

Particulars	As at March 31, 2021 (refer notes 3 & 52)	As at March 31, 2020
Asset retirement obligation (ARO)*	14,982	2,805
Gratuity (refer note 35)	637	202
Long-term service award	47	16
Total	15,666	3,023

* The Company uses various premises on lease to install plant and equipment. Provision is recognised 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 Ind AS 37 on 'Provisions, Contingent liabilities and Contingent Assets' is given below:

Particulars	As at March 31, 2021 (refer notes 3 & 52)	As at March 31, 2020
Opening balance	2,805	2,538
Pursuant to merger of erstwhile Indus Towers Limited with the Company (refer note 3)	11,398	–
Provision added during the year	366	56
Provision utilised/adjusted during the year	(129)	(3)
Unwinding of discount	542	214
Closing balance	14,982	2,805

Provisions, current

Particulars	As at March 31, 2021 (refer notes 3 & 52)	As at March 31, 2020
Gratuity (refer note 35)	71	52
Leave encashment	410	148
Total	481	200

21 Other non-current liabilities

Particulars	As at March 31, 2021 (refer notes 3 & 52)	As at March 31, 2020
Deferred operating lease revenue	1,344	258
Unearned revenue (refer note 41)	824	263
Liability for cash settled option (refer note 36)	10	–
Total	2,178	521

Notes to Financial Statements

(Amounts in millions of Indian Rupees, unless stated otherwise)

22 Short term borrowings

Particulars	As at March 31, 2021 (refer notes 3 & 52)	As at March 31, 2020
Unsecured		
Bank overdraft*	2	331
Commercial paper**	17,647	–
Short term loans***	36,655	23,853
Loans from related parties# (refer note 41)	348	–
Total	**54,652**	**24,184**

*The bank overdraft is repayable on demand and carries interest rate of 9.00% (March 31, 2020 : 8.70%) per annum.

**The Commercial paper have been issued to banks and financial institutions and carries interest rate of 3.85% (March 31, 2020 : Nil) per annum.

***The short term loans have been taken from banks and financial institutions and carries interest rate of 4.28% to 7.98% (March 31, 2020 : 7.40% to 8.80%) per annum.

Pursuant to "Indus Scheme" of merger of erstwhile Indus Towers Limited, loan is repayable to related party along with interest in the event of refund/settlement of advance tax/self assessment tax for the assessment Year 2012-13. For details, refer note 44(b).

23 Trade payables

Particulars	As at March 31, 2021 (refer notes 3 & 52)	As at March 31, 2020
- Total outstanding dues of micro and small enterprises*	373	189
- Total outstanding dues of creditors other than micro and small enterprises	32,202	7,868
Total	**32,575**	**8,057**

*Also include outstanding of medium enterprises.

a) Trade Payable include ₹ 126 Mn (March 31, 2020 : ₹ 147 Mn) payable to related parties. For details, refer note 41.

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

Particulars	As at March 31, 2021 (refer notes 3 & 52)	As at March 31, 2020
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	370	186
Interest due on above	1	–
Total	**371**	**186**
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	2,005	326
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	2	3
The amount of interest accrued and remaining unpaid at the end of each accounting year	3	3
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	3	–

Notes to Financial Statements

(Amounts in millions of Indian Rupees, unless stated otherwise)

Total payments made to micro, small and medium enterprises amounts to ₹ 12,142 Mn (₹ 644 Mn for the year ended March 31, 2020) out of which ₹ 2,005 Mn (₹ 326 Mn for the year ended March 31, 2020) has been paid beyond the appointed date; which is primarily due to delays in receipt of invoices and inadequate documentation in certain cases.

Dues to micro and small enterprises have been determined to the extent such parties have been identified on the basis of information collected by management. This has been relied upon by the auditors.

24 Other current financial liabilities

Particulars	As at March 31, 2021 (refer notes 3 & 52)	As at March 31, 2020
Current maturities of long term borrowings (refer note 17)	11,938	–
Payable to employees	840	241
Creditors for capital expenditure	8,955	2,007
Interest accrued and not due*	502	55
Security deposits	30	–
Book overdraft	31	3
Other payables#	936	–
Total	**23,232**	**2,306**

* Interest accrued and not due includes amount pertaining to related parties amounting to ₹ 378 Mn as at March 31, 2021 (March 31, 2020 - Nil). For details, refer note 41 and 51.

Other payables include amount pertaining to related parties amounting to ₹ 522 Mn as at March 31, 2021 (March 31, 2020: Nil). For details, refer note 41.

25 Other current liabilities

Particulars	As at March 31, 2021 (refer notes 3 & 52)	As at March 31, 2020
Statutory liabilities	3,515	444
Unearned revenue (refer note 41)	871	386
Deferred operating lease revenue	440	60
Liability for cash settled option (refer note 36)	27	2
Others	583	84
Total	**5,436**	**976**

26 Revenue from operations

Particulars	Year ended March 31, 2021 (refer notes 3 & 52)	Year ended March 31, 2020
Sale of services		
Rent (including recoveries for rates and taxes)	88,169	42,289
Energy	51,339	25,094
Total	**139,508**	**67,383**

Notes to Financial Statements

(Amounts in millions of Indian Rupees, unless stated otherwise)

27 Other income

Particulars	Year ended March 31, 2021 (refer notes 3 & 52)	Year ended March 31, 2020
Interest income (others)	181	389
Dividend income from joint venture (erstwhile Indus Towers Limited)	4,200	–
Profit on sale of property, plant and equipment	823	384
Miscellaneous income	964	514
Total	**6,168**	**1,287**

28 Power and fuel

Particulars	Year ended March 31, 2021 (refer notes 3 & 52)	Year ended March 31, 2020
Network	51,501	23,638
Others	28	26
Total	**51,529**	**23,664**

29 Employee benefit expenses

Particulars	Year ended March 31, 2021 (refer notes 3 & 52)	Year ended March 31, 2020
Salaries, wages and bonus*	4,903	2,726
Contribution to provident fund	132	83
Equity settled/cash settled option expense (refer note 36)	26	17
Staff welfare expenses	32	88
Others	33	21
Total	**5,126**	**2,935**

* 'Salaries, wages and bonus' includes gratuity and other post-employment benefits. For details, refer note 35.

30 Repairs and maintenance

Particulars	Year ended March 31, 2021 (refer notes 3 & 52)	Year ended March 31, 2020
Repair and maintenance		
- Plant and machinery	7,006	1,986
- Others	240	517
Total	**7,246**	**2,503**

Notes to Financial Statements

(Amounts in millions of Indian Rupees, unless stated otherwise)

31 Other expenses

Particulars	Year ended March 31, 2021 (refer notes 3 & 52)	Year ended March 31, 2020
Insurance	263	97
Travelling and conveyance	183	140
Communication expenses	58	32
Legal and professional (refer note below)	723	438
Rates and taxes	1,175	159
Information technology (IT) expenses	629	403
Provision for doubtful debts and advances (net)	(456)	683
Miscellaneous expenses	446	159
Total	**3,021**	**2,111**

Payment to auditor (net of GST)

Particulars	Year ended March 31, 2021 (refer notes 3 & 52)	Year ended March 31, 2020
Audit fee	9.0	6.0
Tax audit fee	0.5	–
Other services	2.2	2.1
Reimbursement of expenses	0.8	0.5
Total	**12.5**	**8.6**

32 Depreciation and amortization expense

Particulars	Year ended March 31, 2021 (refer notes 3 & 52)	Year ended March 31, 2020
Depreciation	29,698	13,101
Amortization	160	75
	29,858	**13,176**
Less: adjusted with General Reserve in accordance with the Scheme of arrangement (refer note 44)	(1,429)	(402)
Total	**28,429**	**12,774**

As per Ind AS 116, operating lease rent has been changed to depreciation cost for the right of use assets and finance cost for interest accrued on lease liability. For details, refer note 48.

Notes to Financial Statements

(Amounts in millions of Indian Rupees, unless stated otherwise)

33 Finance costs and income

Finance costs

Particulars	Year ended March 31, 2021 (refer notes 3 & 52)	Year ended March 31, 2020
Interest cost	2,410	1,357
Bank charges	6	3
Unwinding of discount on asset retirement obligation	543	214
Unwinding of discount on security deposit received	415	338
Interest on lease liabilities	4,977	1,421
Total	**8,351**	**3,333**

Finance income

Particulars	Year ended March 31, 2021 (refer notes 3 & 52)	Year ended March 31, 2020
Interest income on financial assets carried at amortized cost:		
Interest on bank deposit	16	16
Interest on security deposit paid	328	60
Interest income (others)	169	–
Interest income on financial assets carried at fair value through other comprehensive income:		
Interest on tax free bonds	–	47
Interest income on financial assets carried at fair value through profit or loss:		
Interest on government securities	210	397
Interest on taxable bonds	–	10
Gain/(loss) on investments (including MTM gain/(loss))	1,269	2,840
Total	**1,992**	**3,370**

34 Earnings per Share (EPS)

Particulars	Year ended March 31, 2021 (refer notes 3 & 52)	Year ended March 31, 2020
Nominal value of equity shares (₹)	10	10
Profit attributable to equity shareholders for computing Basic and Dilutive EPS (A) (₹ Mn)	33,382	17,466
Weighted average number of equity shares outstanding during the year for computing Basic EPS (B)	2,157,632,130	1,849,608,246
Dilutive effect on weighted average number of equity shares outstanding during the year	–	–
Weighted average number of equity shares and equity equivalent shares for computing Diluted EPS (C)	2,157,632,130	1,849,608,246
Basic earnings per share (A/B) (₹)	15.472	9.443
Diluted earnings per share (A/C) (₹)	15.472	9.443

Notes to Financial Statements

(Amounts in millions of Indian Rupees, unless stated otherwise)

35 Employee benefits

The Company has recognised the following amounts in the statement of profit and loss:

a) Defined contribution plan

Particulars	Year ended March 31, 2021 (refer notes 3 & 52)	Year ended March 31, 2020
Employer's contribution to provident fund	132	83
Total	132	83

b) Defined benefit plan

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. Such liability is included in salaries, wages and bonus, refer note 29.

Gratuity

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

Particulars	Year ended March 31, 2021 (refer notes 3 & 52)	Year ended March 31, 2020
Service cost	61	35
Interest cost	30	16
Total	91	51

ii. Due to its defined benefit plans, the Company is exposed to the following significant risks:

Changes in bond yields - A decrease in bond yields will increase plan liability.

Salary risk - The present value of the defined benefit plans liability is calculated by reference to the future salaries of the plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

The assumptions used to determine the benefit obligation are as follows:-

Particulars	Year ended March 31, 2021 (refer notes 3 & 52)	Year ended March 31, 2020
Discount rate	6.80%	6.90%
Expected rate of increase in compensation levels	8.50%	9.00%
Expected average remaining working lives of employees (years)	20.36	21.99

Demographic assumption

Assumptions regarding future mortality are based on published statistics and mortality tables (IALM (2012-14) for the year ended March 31, 2021 .

Retirement age: The employees of the Company are assumed to retire at the age of 58 years.

Rates of leaving service at specimen ages as at March 31, 2021 are as shown below:

Age (Years)	Rates
Upto 30 years	11.35%
From 31 - 44 years	7.29%
Above 44 years	8.29%

Notes to Financial Statements

(Amounts in millions of Indian Rupees, unless stated otherwise)

iii. Reconciliation of opening and closing balances of defined benefit obligation:

Particulars	Year ended March 31, 2021 (refer notes 3 & 52)	Year ended March 31, 2020
Present value of benefit obligation at the beginning of year	254	204
Pursuant to merger of erstwhile Indus Towers Limited with the Company (refer note 3)	480	–
Service cost	61	35
Interest cost	30	16
Benefits paid	(89)	(13)
Actuarial (gain)/ loss	(27)	16
Acquisition Adjustment	(1)	(4)
Present value of benefit obligation as at the end of year	**708**	**254**

iv. Amount recognised in Other comprehensive income

Particulars	Year ended March 31, 2021 (refer notes 3 & 52)	Year ended March 31, 2020
Opening net cumulative unrecognized gain/(loss)	**(19)**	**(3)**
Pursuant to merger of erstwhile Indus Towers Limited with the Company (refer note 3)	(155)	–
Actuarial gain/(loss)	27	(16)
Unrecognized actuarial gain/(loss) at the end of year	**(147)**	**(19)**

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

vi. 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.

vii. Estimated amounts of expense to be recognized within next year is ₹ 154 Mn (March 31, 2020 : ₹ 52 Mn).

viii. The Maturity profile of defined benefit obligation is as follows :

Period	Amount
April 2021 - March 2022	71
April 2022 - March 2023	58
April 2023 - March 2024	53
April 2024 - March 2025	59
April 2025 onwards	467

ix. Sensitivity analysis

Particulars	Change in Assumption		Impact on Gratuity	
	Year ended March 31, 2021	Year ended March 31, 2020	Year ended March 31, 2021 (refer notes 3 & 52)	Year ended March 31, 2020
Discount rate	+1%	+1%	(53)	(19)
	-1%	–1%	57	22
Salary Growth rate	+1%	+1%	56	21
	-1%	–1%	53	(18)

Notes to Financial Statements

(Amounts in millions of Indian Rupees, unless stated otherwise)

The above sensitivity analysis is based on a change in an assumption by a percentage while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. While calculating the sensitivity of the defined benefit obligation to significant actuarial assumption, same method i.e. Projected Unit Credit method has been applied as when calculating the gratuity liability recognized within the balance sheet.

36 Employee stock/cash settled option plans

(a) Employee stock/cash settled option plans - issued by the Company

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 Scheme 2008 (the 2008 Scheme). In FY 2013-14 and 2014-15, the Company had announced new performance unit plan (cash settled option plan) for its employees. In FY 2015-16, 2016-17, 2017-18, 2018-19, 2019-20 and 2020-21, the Company has announced Long term incentive plan (LTIP) 2015, Long term incentive plan (LTIP) 2016, Long term incentive plan (LTIP) 2017, Long term incentive plan (LTIP) 2018, Long term incentive plan (LTIP) 2019-20 and Long term incentive plan (LTIP) 2020-21 respectively for its employees.

The following table provides an overview of all existing stock/cash option plans issued by the Company.

Entity	Scheme	Plan	Stock options outstanding (in thousands)	Vesting period (years)	Contractual term (years)	Weighted average exercise price (₹)	Classification / accounting treatment
	Equity settled Plans						
Company	ESOP Scheme 2008	2008 Plan	2	1 - 5	7	110	Equity settled
	ESOP Scheme 2014	Long term incentive plan (LTIP) 2015 (Grant 2015)	4	1 - 3	7	10	Equity settled
	ESOP Scheme 2014	Long term incentive plan (LTIP) 2015 (Grant 2016)	5	1 - 3	7	10	Equity settled
	ESOP Scheme 2014	Long term incentive plan (LTIP) 2015 (Grant 2017)	11	1 - 3	7	10	Equity settled
	ESOP Scheme 2014	Long term incentive plan (LTIP) 2015 (Grant 2018)	33	1 - 3	7	10	Equity settled
	ESOP Scheme 2014	Long term incentive plan (LTIP) 2015 (Grant 2019-20)	107	1 - 3	7	10	Equity settled
	ESOP Scheme 2014	Long term incentive plan (LTIP) 2015 (Grant 2020-21)	491	1 - 3	7	10	Equity settled
	Cash settled Plans						
	Scheme 2013	Performance Unit Plan (2013 and 2014)	7	1 - 3	7	–	Cash settled

Notes to Financial Statements

(Amounts in millions of Indian Rupees, unless stated otherwise)

The following table provides details of vesting schedule (graded vesting) of all the existing stock/cash settled option plans of the Company:

	Vesting period from the grant date	Vesting schedule
1. ESOP Scheme 2008 (including LTIP)		
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 (Cash settled 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%
3. Long term incentive plan (LTIP) 2015 (Grant 2015)		
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%
4. Long term incentive plan (LTIP) 2015 (Grant 2016)		
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%
5. Long term incentive plan (LTIP) 2015 (Grant 2017)		
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%
6. Long term incentive plan (LTIP) 2015 (Grant 2018)		
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%
7. Long term incentive plan (LTIP) 2015 (Grant 2019-20)		
For options with a vesting period of 28 months:		
	On completion of 12 months	60%
	On completion of 28 months	40%
8. Long term incentive plan (LTIP) 2015 (Grant 2020-21)		
For options with a vesting period of 30 months:		
	On completion of 12 months	60%
	On completion of 30 months	40%

Notes to Financial Statements

(Amounts in millions of Indian Rupees, unless stated otherwise)

Information concerning the movement in stock options during the year and outstanding at the year end is as follows:

Particulars	As at March 31, 2021		As at March 31, 2020	
	Number of stock options (in '000)	Exercise price (₹)	Number of stock options (in '000)	Exercise price (₹)
Plan 2008				
Outstanding at beginning of the year	46	110	58	110
Granted	–	–	–	–
Forfeited	(1)	110	(2)	110
Exercised	(43)	110	(10)	110
Outstanding at the year end	2	110	46	110
Exercisable at end of the year	2	110	46	110
Cash settled Plan (2013 and 2014)				
Outstanding at beginning of the year	7	NA	23	NA
Granted	–	–	–	–
Forfeited	–	–	–	–
Exercised	–	NA	(16)	NA
Outstanding at the year end	7	NA	7	NA
Exercisable at end of the year	7	NA	7	NA
LTI Plan 2015 (Grant 2015)				
Outstanding at beginning of the year	12	10	17	10
Granted	–	–	–	–
Forfeited	–	–	–	–
Exercised	(8)	10	(4)	10
Outstanding at the year end	4	10	12	10
Exercisable at end of the year	4	10	12	10
LTI Plan 2015 (Grant 2016)				
Outstanding at beginning of the year	20	10	46	10
Granted	–	–	–	–
Forfeited	–	–	–	–
Exercised	(15)	10	(25)	10
Outstanding at the year end	5	10	20	10
Exercisable at end of the year	5	10	20	10
LTI Plan 2015 (Grant 2017)				
Outstanding at beginning of the year	44	10	74	10
Granted	–	–	–	–
Forfeited	–	–	(5)	10
Exercised	(33)	10	(24)	10
Outstanding at the year end	11	10	44	10
Exercisable at end of the year	11	10	15	10
LTI Plan 2015 (Grant 2018)				
Outstanding at beginning of the year	122	10	158	10
Granted	–	–	–	–
Forfeited	(7)	10	(13)	10
Exercised	(82)	10	(22)	10
Outstanding at the year end	33	10	122	10
Exercisable at end of the year	10	10	25	10

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(Amounts in millions of Indian Rupees, unless stated otherwise)

Particulars	As at March 31, 2021		As at March 31, 2020	
	Number of stock options (in '000)	Exercise price (₹)	Number of stock options (in '000)	Exercise price (₹)
LTI Plan 2015 (Grant 2019-20)				
Outstanding at beginning of the year	135	10	–	–
Granted	–	–	135	10
Forfeited	(28)	10	–	–
Exercised	–	–	–	–
Outstanding at the year end	107	10	135	10
Exercisable at end of the year	64	10	–	–
LTI Plan 2015 (Grant 2020-21)				
Outstanding at beginning of the year	–	–	–	–
Granted	491	10	–	–
Forfeited	–	–	–	–
Exercised	–	–	–	–
Outstanding at the year end	491	10	–	–
Exercisable at end of the year	–	–	–	–

The following table summarises information about weighted average remaining contractual life, weighted average fair value and weighted average share price for the options:

Plan	Weighted average remaining contractual life for the options outstanding as of (years)		Weighted average share price for the optio ns granted during the year ended (₹)		Weighted average share price for the options exercised during the year ended (₹)	
	March 31,2021	March 31,2020	March 31,2021	March 31,2020	March 31,2021	March 31,2020
Equity settled plans						
Plan 2008	0.66	1.29	–	–	229.73	251.92
LTI plan 2015	4.33	4.94	–	–	208.17	251.16
LTI plan 2016	4.61	5.71	–	–	202.74	247.60
LTI plan 2017	5.38	6.81	–	–	190.46	248.78
LTI plan 2018	6.94	7.58	–	–	186.39	247.85
LTI plan 2019-20	7.53	8.53	–	131.03	–	–
LTI plan 2020-21	8.44	–	246.64	–	–	–
Cash settled plans						
PUP 2013 & 2014	3.33	4.33	–	–	–	–

The fair value of the options granted during the year was estimated using the Black Scholes, method of valuation with the following assumptions:

Particulars	LTIP Plan 2015 (Grant 2020-21) As at March 31, 2021	LTIP Plan 2015 (Grant 2019-20) As at March 31, 2020
Risk free interest rates	3.23% to 6.32%	4.2% to 6.56%
Vesting period	30 months	28 months
Weighted average share price (₹)	246.64	131.03
Volatility	56.33%	28.26%
Dividend yield	7.70%	7.06%

Notes to Financial Statements

(Amounts in millions of Indian Rupees, unless stated otherwise)

(b) Employee stock/cash settled option plans - issued by the erstwhile Indus Towers Limited

Stock Appreciation Rights (SAR) Scheme (SAR Plan 2)

During the year ended March 31, 2013, the Company had announced an Employee Stock Appreciation Right Scheme (the 'Scheme') for eligible employees. As per this plan, the employees would be entitled to receive the difference between the fair value of the share at the date of exercise of SAR and the exercise price. The fair value of the SAR will be determined using Black Scholes Option Pricing Model. The fair value of SAR granted after applying an estimated forfeiture rate is amortised over the vesting period.

Scheme	Plan	Stock options outstanding	Vesting period (years)	Contractual term (years)	Weighted average exercise price (₹)	Classification / accounting treatment
SAR Plan 2	Grant 7 (Aug 2018)	34.09	1 - 3	7	1	Cash settled
	Grant 8 (Aug 2019)	51.31	1 - 3	7	1	Cash settled

The following table provides details of vesting schedule (graded vesting) of all the existing cash settled option plans:

Particulars	Vesting period from the grant date	Vesting schedule
SAR Plan 2 (Grant 7 & Grant 8)		
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 movement in stock options during the year and outstanding at the year end is as follows:

Particulars	As at March 31, 2021	
	Number of stock options	Exercise price (₹)
Performance Unit Plan (Grant 7 & Grant 8)		
Outstanding as on effective date of Merger	85	1
Granted	–	–
Forfeited	–	–
Exercised	–	–
Expired	–	–
Outstanding at the year end	85	1
Exercisable at end of the year	–	–

Remaining contractual life for the options outstanding as of March 31, 2021 is 4.33 years and 5.33 years for Grant 7 and Grant 8 respectively.

Erstwhile Indus Towers Limited granted stock options under the SAR plan 2 to the eligible employees of the Company and the valuation as on March 31, 2020 i.e. before the effective date of merger on the basis of valuation of the erstwhile Indus. Considering the continuation of the same scheme post-merger, the valuation of options has been carried at the same value on the reporting date i.e March 31, 2021, considering all other factors remaining unchanged. The outstanding liability and expense accrual on the plan is not material commensurating the employee benefit expense of the company.

Notes:

(i) Total employees stock/cash options expense recognised for the year ended March 31, 2021 and March 31, 2020 is ₹ 26 Mn and ₹ 17 Mn respectively.

Notes to Financial Statements

(Amounts in millions of Indian Rupees, unless stated otherwise)

(ii) The Company has decided to issue equity shares on exercise of ESOPs through ESOP trust. The loan of ₹ 625 Mn has been given to ESOP trust during F.Y 2014-15 to purchase the Equity Shares of the Company from open market as permitted by SEBI (Share Based Employee Benefits) Regulations, 2014.

Indus Towers Employee's Welfare Trust (formerly Bharti Infratel Employee's Welfare Trust) [a trust set up for administration of Employee Stock Option Plan ('ESOP') of the Company] had acquired 1,652,000 equity shares of the Company from the open market at an average price of ₹ 377.72 per share in financial year of its incorporation i.e. FY 2014-15.

During the year ended March 31, 2021, the Trust has acquired 107,170 shares at a price of ₹ 235.76 per share and sold 497,532 shares at a price of ₹ 207.25 per share and 159,141 equity shares of ₹ 10 each and 43,384 equity shares of ₹ 109.67 each have been transferred to employees upon exercise of stock options. As of March 31, 2021, the Trust holds 145,090 shares (of Face Value of ₹ 10 each) (March 31, 2020 - 737,977 shares) of the Company.

Reconciliation of numbers of shares held by ESOP Trust

Particulars	As at March 31, 2021	As at March 31, 2020	As at March 31, 2020	As at March 31, 2020
	Number of Shares		(₹ Million)	
Opening balance	737,977	636,660	235	240
Purchased during the year	107,170	237,000	25	46
Share sold during the year	(497,532)	(35,330)	(173)	(13)
Issued during the year	(202,525)	(100,353)	(54)	(38)
Closing balance	**145,090**	**737,977**	**33**	**235**

37 Leases

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 recognised as income during the year for non cancellable arrangements relating to provision for passive infrastructure sites as per the agreements is ₹ 88,169 Mn and ₹ 42,289 Mn for the year ended March 31, 2021 and March 31, 2020 respectively.

Particulars	As at March 31, 2021 (refer notes 3 & 52)	As at March 31, 2020
Future minimum lease income receivable:		
Not later than one year	152,342	35,341
Later than one year but not later than five years	327,706	103,749
Later than five years	138,403	34,236
Total	**618,451**	**173,326**

38 Contingencies & Capital commitments

a) Guarantees

Particulars	As at March 31, 2021 (refer notes 3 & 52)	As at March 31, 2020
Guarantees issued by banks and financials institutions on behalf of the Company	839	–
Total	**839**	**–**

The financial bank guarantees have been issued to regulatory authorities.

Notes to Financial Statements

(Amounts in millions of Indian Rupees, unless stated otherwise)

b) Claims against the Company not acknowledged as debt

Particulars	As at March 31, 2021 (refer notes 3 & 52)	As at March 31, 2020
(i) Taxes, duties and other demands (under adjudication / appeal / dispute)		
Sales tax (refer to a below)	25,879	2
Stamp duty (refer to b below)	224	192
Entry tax (refer to c below)	2,352	1,966
Municipal taxes (refer to d below)	8,391	1,817
Service tax (refer to e below)	39,964	16,631
(ii) Income tax matters (refer to f below)	38,592	247
(iii) Other claims under legal cases including arbitration matters (refer to g below)	2,879	139
Total	**118,281**	**20,994**

Unless otherwise stated below, the management, based on legal advice, believes that, the outcome of these contingencies will be favourable and loss is not probable.

a) Sales tax/VAT

The claims for sales tax comprise mainly of the case relating to levy of VAT on right to use in goods, demand in vehicle seizure case & non submission of concessional forms.

b) Stamp duty

The Company had received demand in certain states for stamp duty on execution of Leave and License Agreement of Cell Sites.

c) Entry tax

Hon'ble Apex Court on November 11, 2016 while upholding the constitutional validity of entry tax levied by few States wherever its applicable, referred all the cases back to regular benches of the Court/s to decide all existing cases on merits while testing inter alia that whether the present levies in each such case/ State is discriminatory in nature or not.

Accordingly, all the said cases were listed before the regular bench of Supreme Court wherein after taking up all pending cases on State by State basis court have found that prima facie inter alia discrimination issues still exists and all the listed petitions have been remanded back with direction, to file fresh writ petitions before respective High Courts on the ground of discrimination as well as other directions as laid down in the aforesaid judgment of nine member bench of Hon'ble Supreme Court. The Company has filed fresh writ petition in the state of Orissa, Madhya Pradesh, Chhattisgarh, Rajasthan, Mizoram and Assam and amended the pending petitions in the states of Mizoram, Bihar and Jammu & Kashmir. Pending disposition of each case by the High Courts, the company has decided to maintain 'Status Quo' on its position/assessment.

During the financial year 2019-20, the Company has opted Bihar Settlement Scheme to settle the pending Entry tax litigation pertaining to the year 2008-09 to 2017-18 amounting to ₹ 1041 Mn, out of which a provision of ₹ 574 Mn has been recognized. Department has rejected the applications against which the Company has filed writ petition, pending for hearing before Hon'ble Patna High Court.

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(Amounts in millions of Indian Rupees, unless stated otherwise)

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.

Further, in the event these levies are confirmed by the respective government authorities, the Company would recover these amounts from its customers in accordance with the terms of Master Service Agreement.

e) Service tax

The service tax department had issued certain orders for the disallowance of cenvat credit availed on Inputs, Capital Goods and Input Services under pre GST regime. The Company has filed writ petition before Hon'ble High Court of Delhi which was allowed in favour of the Company vide order dated October 31, 2018 wherein it was held that towers are movable in nature and Cenvat credit can be availed on receipt of such goods. Further, Department has filed SLP before Hon'ble Supreme Court against the favourable order of Delhi High Court. The Hon'ble Supreme Court has tagged the SLP with pending matter on similar issue of telecom operators.

On the similar matter, there are contrary judgements by the Hon'ble High Court of Bombay in the case of few telecom operators against which, such operators have filed SLP before Hon'ble Supreme Court. These matters are pending before Supreme Court for hearing.

In another issue department has raised demand alleging difference in turnover in 26AS vs ST 3 against which company has filed appeal before CESTAT, pending for hearing.

In a separate proceeding before Directorate General of Central Excise Intelligence, the department had issued order for payment of excise duty on removal of scrap under pre GST regime against which the Company has filed appeal before CESTAT, pending for hearing.

f) Income tax matters

This pertains to tax demands mainly on account of disallowance of depreciation on PIA assets transfer under merger scheme, provision for expenditure, Depreciation on Provisional capitalization, expenditure u/s 14A related to exempt income etc. In these cases, the possibility of tax demand materializing is remote, based on internal assessment of the Company.

g) Other claims mainly include site related legal disputes

Amount assessed as contingent liability includes interest and penalty as demanded by various authorities and vendors and doesn't include interest liability that could claimed by authorities in case of unfavourable orders. Further, show cause notices relating to the Direct and Indirect taxes have neither been acknowledged as claims nor considered as contingent liabilities.

c) Capital commitment

Particulars	As at March 31, 2021 (refer notes 3 & 52)	As at March 31, 2020
Estimated amount of contracts to be executed on capital account and not provided for in the financial statements (net of capital advances)	6,479	1,630
Total	**6,479**	**1,630**

Notes to Financial Statements

(Amounts in millions of Indian Rupees, unless stated otherwise)

39 Fair values

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

Particulars	Carrying Amount		Fair Value	
	March 31, 2021 (refer notes 3 & 52)	March 31, 2020	March 31, 2021 (refer notes 3 & 52)	March 31, 2020
Financial Assets				
- At fair value through profit or loss				
Investment in mutual funds	19,773	51,443	19,773	51,443
Investment in government securities	2,941	2,940	2,941	2,940
- At amortised cost				
Cash and cash equivalents	130	1,450	130	1,450
Other bank balances	–	18	–	18
Trade receivables	38,285	3,667	38,285	3,667
Other financial assets	40,309	6,115	40,309	6,115
	101,438	**65,633**	**101,438**	**65,633**
Financial Liabilities				
- At amortised cost				
Borrowings	69,703	24,184	69,703	24,184
Lease liabilities	133,958	21,901	133,958	21,901
Trade payables	32,575	8,057	32,575	8,057
Other financial liabilities	28,468	2,941	28,468	2,941
	264,704	**57,083**	**264,704**	**57,083**

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

i) The carrying value of cash and cash equivalents, other bank balances, trade receivables, short term borrowings, variable rate long term borrowings, trade payables approximate their fair value mainly due to the short-term maturities of these instruments/ being subject to floating rates.

ii) The fair values of financial assets classified as fair value through profit or loss like investment in mutual funds, and government securities is based on net asset values/quoted market price at the reporting date.

iii) The fair value of security deposits included in other financial assets & other financial liabilities, lease liabilities and fixed rate long term borrowings (if any) is estimated by discounting future cash flows using rates applicable to instruments with similar terms, currency, credit risk and remaining maturities. The fair values of other financial assets and other financial liabilities (other than security deposits) are assessed by the management to be same as their carrying value and is not expected to be significantly different if estimated by discounting future cash flows using rates currently available for debt on similar terms, credit risk and remaining maturities.

There are no significant unobservable inputs used in the fair value measurement.

40 Fair value hierarchy

All financial instruments for which value is recognized or disclosed are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole;

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

Notes to Financial Statements

(Amounts in millions of Indian Rupees, unless stated otherwise)

Level 2: Inputs other than quoted parts included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)

Level 3: Inputs for assets or liabilities that are not based on observable market data (unobservable inputs)

The following table presents the financial instruments measured at fair value, by level within the fair value measurement hierarchy:

Particulars	As at March 31, 2021 (refer notes 3 & 52)	As at March 31, 2020
	Level 1	Level 1
Financial Assets		
- At fair value through profit or loss		
- Investments in mutual funds	19,773	51,443
- Investments in government securities	2,941	2,940
	22,714	**54,383**

No financial assets have been classified into Level 2 and Level 3 fair value measurements.

Further, during the year ended March 31, 2021, there were no transfers between Level 1, Level 2 and Level 3 fair value measurements.

41 Related party Disclosures:

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

a) List of related parties

i. Key management personnel (KMP)

Bimal Dayal, Managing Director and CEO w.e.f January 08, 2021 (CEO w.e.f November 19, 2020 and earlier he was appointed as Managing Director w.e.f October 22, 2020 till the effective date of merger i.e November 19, 2020)

Vikas Poddar, Chief Financial Officer (w.e.f January 12, 2021)

Pooja Jain, Chief Financial Officer (w.e.f June 4, 2020 till November 30, 2020)

Samridhi Rodhe, Company Secretary

Akhil Kumar Gupta, Chairman (till November 19, 2020)

D.S. Rawat, Managing Director and CEO (till August 3, 2020)

S. Balasubramanian, Chief Financial Officer (till December 5, 2019)

ii. Related parties where control existed (till November 18, 2020) irrespective of whether transactions have occurred or not:

Ultimate Holding Company — Bharti Enterprises Holding Pvt. Ltd.

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

Parent Company — Bharti Airtel Limited

Notes to Financial Statements

(Amounts in millions of Indian Rupees, unless stated otherwise)

iii. Related parties where control exists w.e.f. from November 19, 2020:

Relationship	Related Party
Promoter Group (w.e.f November 19, 2020)	Bharti Airtel Limited (Parent Company till November 18, 2020)
	Nettle Infrastructure Investments Limited (Fellow Subsidiary till November 18, 2020)
	Omega Telecom Holdings Private Limited
	Euro Pacific Securities Ltd
	Vodafone Telecommunications (India) Limited
	Trans Crystal Ltd
	Mobilvest
	Prime Metals Ltd
	CCII (Mauritius), Inc.
	Asian Telecommunication Investments (Mauritius) Ltd
	Al-Amin Investments Ltd
	Usha Martin Telematics Limited

iv. Other related parties where control exists and with whom transactions have taken place during the year:

Relationship	Related Party
Subsidiary Company	Smartx Services Limited
Joint Venture	Erstwhile Indus Towers Limited (ceased to exist and merged into the company w.e.f November 19, 2020)
Entities having significant influence [includes Subsidiaries and Joint Venture of the entity to which the Company is a JV]	Bharti Hexacom Limited (Fellow Subsidiary till November 18, 2020 and Entity having significant influence w.e.f. November 19, 2020)
	Bharti Telemedia Limited (Fellow Subsidiary till November 18, 2020 and Entity having significant influence w.e.f. November 19, 2020)
	Nxtra Data Limited (Fellow Subsidiary till November 18, 2020 and Entity having significant influence w.e.f. November 19, 2020)
	Bharti Airtel Services Limited (Fellow Subsidiary till November 18, 2020 and Entity having significant influence w.e.f. November 19, 2020)
	Vodafone Idea Limited (w.e.f. November 19, 2020)
Controlled trust	Indus Towers Employees Welfare Trust (formerly Bharti Infratel Employees Welfare Trust)

Notes to Financial Statements

(Amounts in millions of Indian Rupees, unless stated otherwise)

b) Related party transactions during the year:

Related party transactions represent transactions entered into by the Company with promoters, subsidiary Company, entities having significant influence over the Company, erstwhile joint venture and the controlled Trust. The transactions with these related parties for year ended March 31, 2021 and March 31, 2020 and balances as at March 31, 2021 and March 31, 2020 are described below:

Relationship	Promoters		Subsidiary Company		Entities having significant influence		Erstwhile joint venture		Controlled trust	
	Year ended March 31, 2021*	Year ended March 31, 2020	Year ended March 31, 2021	Year ended March 31, 2020	Year ended March 31, 2021	Year ended March 31, 2020	Year ended March 31, 2021	Year ended March 31, 2020	Year ended March 31, 2021	Year ended March 31, 2020
Nature of transaction										
Loan given	–	–	(38)	(27)	–	–	–	–	(25)	(46)
Loan repaid	–	–	35	129	–	–	–	–	160	50
Prepayment received	–	–	–	–	(24,000)	–	–	–	–	–
Sale of property, plant & equipment	–	3	–	–	–	3	–	–	–	–
Purchase of property, plant & equipment	–	–	–	–	–	(25)	–	–	–	–
Revenue from operations**	79,485	42,216	15	15	49,303	3,425	–	–	–	–
Procurement of services/ Reimbursement of expenses	(261)	(167)	8	2	(87)	(37)	(2)	11	–	–
Security deposit received	(15)	(21)	–	–	(7)	(1)	–	–	–	–
Security deposit refunded	18	1,455	–	–	26	119	–	–	–	–
Commission paid	–	–	–	–	–	–	(55)	(93)	–	–
Dividend received	–	–	–	–	–	–	4,200	–	–	–
Dividend paid/declared	(26,373)	(13,757)	–	–	(13,504)	–	–	–	(6)	(8)
Interest expense	–	–	–	–	(900)	–	–	–	–	–
Interest income	–	–	–	–	169	–	–	–	–	–
Investment in equity	–	–	30	90	–	–	–	–	–	–
Share capital issued	(7,578)	–	–	–	–	–	–	–	–	–
	45,276	**29,729**	**50**	**209**	**11,000**	**3,484**	**4,143**	**(82)**	**129**	**(4)**

*Refer notes 3 and 52

**Inclusive of GST and interest income on exit EMI and represents gross billed and unbilled transactions recorded during the year.

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(Amounts in millions of Indian Rupees, unless stated otherwise)

Relationship	Promoters		Subsidiary Company		Entities having significant influence		Erstwhile joint venture		Controlled trust	
	Year ended March 31, 2021*	Year ended March 31, 2020	Year ended March 31, 2021	Year ended March 31, 2020	Year ended March 31, 2021	Year ended March 31, 2020	Year ended March 31, 2021	Year ended March 31, 2020	Year ended March 31, 2021	Year ended March 31, 2020
Trade payables	(119)	(115)	–	–	(7)	–	–	(32)	–	–
Other liabilities	(950)	(400)	–	–	(745)	(55)	–	–	–	–
Other current assets	–	–	–	–	–	–	–	–	56	191
Other financial assets	11,000	2,820	229	212	14,949	224	–	–	–	–
Trade receivables #	20,482	2,595	–	–	46,447	1,461	–	–	–	–
Short term borrowings	–	–	–	–	(348)	–	–	–	–	–
Other financial liabilities	(1,431)	(468)	–	–	(2,589)	(40)	–	–	–	–
	28,982	**4,432**	**229**	**212**	**57,707**	**1,590**	**–**	**(32)**	**56**	**191**

*Refer notes 3 and 52

Represents gross billed transactions outstanding at the end of the year.

As at March 31, 2021, the Company has outstanding provision for doubtful debts pertaining to related parties amounting to ₹ 2,546 (March 31, 2020: Nil).

Figures in bracket indicate liability and figures without bracket indicates assets.

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Particulars in respect of loans and advances in the nature of loans as required by Regulation 34(3) read with Para A of Schedule V of the SEBI (Listing Obligations And Disclosure Requirements) Regulations, 2015

Particulars	Balance as at		Maximum outstanding during	
	March 31, 2021	March 31, 2020	FY 2020-21	FY 2019-20
Loan given to related parties				
Smartx Services Limited	192	189	197	298
Indus Towers Employees Welfare Trust (formerly Bharti Infratel Employees Welfare Trust)	56	191	191	195
Total	**248**	**380**	**388**	**493**

Payments made to Key management personnel/ non executive directors:

Particulars	Year ended March 31, 2021 (refer notes 3 & 52)	Year ended March 31, 2020
Short-term employee benefits (including salary and commission)	140	129
Post-employment benefits	8	26
Termination benefits	465	–
Share based payment	4	7
Total	**617**	**162**

Amount received from KMP for ESOP exercised during the year ended March 31, 2021 is Nil* (March 31, 2020: Nil*)

* Amount is less than 1 Mn

Terms and conditions of transactions with related parties

The transactions with related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the end of the year are unsecured and interest free and settlement occurs in cash and there have been no guarantees provided or received for any related party receivables or payables except in case of one of the related party referred in Note 51.

42 The Company is engaged in the business of establishing, operating and maintaining wireless communication towers. This is the only activity performed and there are no components of the Company that may be identified as a reportable segment. Further, as the Company does not operate in more than one geographical segment, the relevant disclosures as per Ind AS 108, "Operating Segments" are not applicable to the Company.

43 Items of income and expenditure exceeding 1% of revenue from operations

Particulars	Year ended March 31, 2021 (refer notes 3 & 52)	Year ended March 31, 2020
Dividend income from joint venture (erstwhile Indus Towers Limited)	4,200	–
Power and fuel - Network	51,501	23,638
Salaries, wages and bonus	4,903	2,726
Repair and maintenance - Plant and machinery	7,006	1,986
Provision for doubtful debts and advances (net)	(456)	683
Depreciation and amortization expense	28,429	12,774
Interest cost	2,410	1,357
Interest on lease liabilities	4,977	1,421
Gain/(loss) on investments (including MTM gain/(loss))	1,269	2,840

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(Amounts in millions of Indian Rupees, unless stated otherwise)

44 As per transitional provisions specified in Ind AS 101, "First time Adoption of Indian Accounting Standards". The Company has continued to apply the accounting prescribed under the scheme with respect to mergers listed below.

a) Scheme accounting – Bharti Airtel Scheme

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. As per provisions of the Scheme, the Company has created a General reserve equivalent to the amount of fair value of such telecom infrastructure which shall be constituted as free reserve available for all purposes at the discretion of 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. Accordingly, depreciation charges on the excess of fair value over the original book values are charged to General Reserve.

b) Scheme accounting – Indus Scheme

Pursuant to the Scheme of Arrangement ('Indus Scheme') under sections 391 to 394 of the Companies Act, 1956, Vodafone Infrastructure Limited (formerly known as Vodafone Essar Infrastructure Limited), Bharti Infratel Ventures Limited and Idea Cellular Tower Infrastructure Limited (collectively referred to as 'The Transferor Companies') and erstwhile Indus Towers Limited (referred to as 'erstwhile Indus' or 'The Transferee Company'), jointly filed an application for sanctioning a scheme of arrangement ('the Scheme') under Section 391 to 394 of the Companies Act, 1956. The Scheme was sanctioned by the Hon'ble High Court of Delhi vide its order dated April 18, 2013. The Scheme had become operative from June 11, 2013 upon filing of certified copy of the order of the Hon'ble High Court with the Registrar of Companies, Delhi with an appointed date of April 1, 2009.

General Reserve arising out of the Scheme

Pursuant to the terms of the Scheme, with effect from the appointed date, the Transferee Company recorded all assets of the Transferor Companies at fair value, all the liabilities and reserves at their book value and issued its equity shares to the shareholders. The excess of net value of assets, liabilities and reserves taken over and the consideration payable, has been transferred to a General Reserve account arising out of the Scheme. Accordingly, the General Reserve of ₹ 73,792 Mn was recognised on account of fair value adjustments as on April 1, 2009. Further, the General reserve amounting to ₹ 71,050 Mn was transferred from Bharti Infratel Ventures Limited and Idea Cellular Towers Infrastructure Limited to erstwhile Indus Towers Limited under the Scheme. The resultant total General Reserve recorded in erstwhile Indus Towers Limited amounted to ₹ 144,842 Mn as on April 1, 2009.

The General Reserve account of the Transferee Company created pursuant to the Scheme shall be treated as free reserve for all intents and purposes, including, without limitation, as may be decided by the Board of Directors, including for amortisation 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 transferee company pursuant to the Scheme, lease equalization reserve, asset retirement obligations, deferred tax assets or liabilities, as the case may be, any other expenses, impairment, losses or write-offs and any other permitted purposes and shall form part of the net worth of the Transferee company.

Further, pursuant to merger of erstwhile Indus with the Company (refer note 3), such General Reserve amounting to ₹ 73,257 Mn has been recognised in the Company at the carrying value on the effective date of merger i.e. November 19, 2020. The incremental depreciation for the period from November 19, 2020 to March 31, 2021 aggregating to ₹ 1,133 Mn (includes ₹ 589 Mn on account of alignment of accounting practices and estimates) has been adjusted against the General Reserve arising out of the Scheme.

Had the scheme approved by the Hon'ble High Court of Delhi did not prescribe the accounting treatment mentioned above, these amounts would have been recognized in the statement of profit and loss.

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c) Capital reserve arising out of slump purchase of assets

The wholly owned subsidiary of the Company erstwhile Bharti Infratel Ventures Limited ('BIVL') had acquired certain assets and liabilities from the Company as a going concern on slump sale basis for no consideration as on December 31, 2011. Pursuant to this, BIVL had recognised total assets amounting to ₹ 4,695 Mn, total liabilities of ₹ 159 Mn and the resultant difference of ₹ 4,536 Mn has been recognised as a Capital Reserve. Further, pursuant to Indus Scheme (refer note 44(b)), and thereafter merger of erstwhile Indus Towers Limited ('erstwhile Indus') with the Company (refer note 3) and upon transfer of all the assets, liabilities and reserves of BIVL to erstwhile Indus and from erstwhile Indus to the Company such capital reserve has been recognised at the carrying value in the books of the Company.

45 Charity and donation

(i) Corporate Social Responsibility (CSR)

As per the requirements of section 135 of the Companies Act, 2013, the Company was required to spend an amount of ₹ 478 Mn and ₹ 477 Mn for the year ended March 31, 2021 and March 31, 2020 respectively on account of Corporate Social Responsibility.

The Company has spent an amount of ₹ 706 Mn and ₹ 477 Mn during the year ended March 31, 2021 and March 31, 2020 respectively. Details of amount spent during the year are given below:

Sectors in which project is covered	Year ended March 31, 2021 (refer notes 3 & 52)	Year ended March 31, 2020
Contribution to PM Cares fund (Covid) and Support during Covid (Disaster initiative)	251	–
Education & skill development	452	346
Sanitation initiatives	–	130
Monitoring and administration	3	1
Total	**706**	**477**

As per the requirements of section 135 of the Companies Act, 2013, erstwhile Indus Towers Limited was required to spend an amount of ₹ 867 Mn for the financial year 2020-21 and has spent ₹ 794 Mn upto to the date of merger with the Company i.e. November 19, 2020 (refer note 3). The shortfall of erstwhile Indus of 73 Mn has been contributed by the Company.

Further, during the year ended March 31, 2021, the Company has spent ₹ 155 Mn (excess spent of the Company by ₹ 228 Mn adjusted with shortfall of erstwhile Indus of ₹ 73 Mn) over and above CSR obligation required to be spent by the Company which can be set off with next year's CSR obligation as per the Companies (CSR Policy) Amendment Rules, 2021.

(ii) In addition to above, Charity and donation includes ₹ 100 Mn paid to Prudent Electoral Trust (FY 2019-20: ₹ 120 Mn paid to Electoral Bond Scheme 2018) and other donation of Nil (FY 2019-20: ₹ 1 Mn).

46 Financial risk management objectives and policies

The Company's principal financial liabilities comprise loans and borrowings, lease liabilities, trade payables, security deposits received, etc. The main purpose of these financial liabilities is to manage finances for the Company's operations. The Company's principal financial assets include investment in mutual funds and Government Securities, trade receivables, unbilled revenue, cash and cash equivalents, security deposits paid, etc. that derive directly from its operations.

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

- **Market Risk**

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise three types of risk: interest rate risk, foreign currency risk and price risk. Financial instruments affected by market risk include interest bearing investment in mutual funds, Government Securities, fixed deposits and loans and borrowings etc.

The sensitivity of the relevant profit or loss item is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held at March 31, 2021 and March 31, 2020.

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

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Company has invested in Government securities which will fetch a fixed rate of interest, hence, the income and operating cash flows are substantially independent of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long-term debt obligations with floating interest rates, which are included in interest bearing loans and borrowings in these financial statements. Further, the short-term borrowings of the Company do not have a significant fair value or cash flow interest rate risk due to their short tenure.

At the reporting date the interest rate profile of the Company's interest bearing financial instrument is at its fair value:

Particulars	As at March 31, 2021 (refer notes 3 & 52)	As at March 31, 2020
Variable rate instruments		
Long term borrowings (refer note17)	15,051	–
Current maturities of long term borrowings (refer note 24)	11,938	–
Total	**26,989**	**–**

Cash flow sensitivity analysis for variable rate instruments

The following table demonstrates the sensitivity to a reasonably possible change in interest rates of long-term debt obligations with floating interest rates. A change of 100 basis points in interest rates for variable rate instruments at the reporting date would have increased/(decreased) profit or loss for the below years by the amounts shown below. With all other variables held constant, the Company's profit before tax is affected through the impact on floating rate borrowings, as follows:

Notes to Financial Statements

(Amounts in millions of Indian Rupees, unless stated otherwise)

Particulars	Increase/ (decrease) in basis points	Effect on profit before tax increase/(decrease)
For the year ended March 31, 2021 (refer notes 3 & 52)	+ 100	(89)
	- 100	89
For the year ended March 31, 2020	+ 100	NA
	- 100	NA

Foreign currency risk

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

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

The Company manages its foreign currency risk if any, by hedging appropriate percentage of its foreign currency exposure, as per approved established risk management policy."

The foreign currency exposures that have not been hedged are ₹ 5 Mn (USD 0.06 Mn) included in trade payble as at March 31, 2021 (March 31, 2020: Nil). The Company has not entered into any derivative arrangements during the year ended March 31, 2021.

Price risk

The Company invests its surplus funds in various Government securities, taxable and tax free quoted debt bonds, liquid & Money Market schemes of mutual funds (liquid investments) and higher duration short term debt funds.

These are susceptible to market price risk, mainly arising from changes in the interest rates or market yields which may impact the return and value of such investments. The Company manages the price risk through diversification from time to time."

• Credit risk

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

Trade receivables

Customer credit risk is managed in accordance with Company's established policy, procedures and control relating to customer credit risk management. Trade receivables are non-interest bearing and are generally on 15/30 days credit term. Outstanding customer receivables are regularly monitored. The ageing analysis of trade receivables as of the reporting date is as follows:

Particulars	Within due date	Less than 6 months	More than 6 months	Subtotal	Allowance for doubtful receivables	Total
Trade receivables as at March 31, 2021 (refer notes 3 & 52)	24,706	14,197	4,232	43,135	(4,850)	38,285
Trade receivables as at March 31, 2020	524	3,689	351	4,564	(897)	3,667

Notes to Financial Statements

(Amounts in millions of Indian Rupees, unless stated otherwise)

Financial instruments and cash deposits

Credit risk from balances with banks and financial institutions is managed by Company's treasury in accordance with the approved policy. Investment of surplus funds are made only with approved counterparties who meet the minimum threshold requirements under the counterparty risk assessment process. Based on its on-going assessment of counterparty risk, the Company adjusts its exposure to various counterparties. The Company's maximum exposure to credit risk for the components of the Balance Sheet at March 31, 2021 and March 31, 2020 is the carrying amounts as given in Note 39.

Liquidity risk

Liquidity risk is the risk that the Company may not be able to meet its present and future cash and collateral obligations without incurring unacceptable losses. The Company's objective is to, at all times maintain optimum levels of liquidity to meet its cash and collateral requirements. The Company principal sources of liquidity are cash and cash equivalents and the cash flow generated from operations. The Company closely monitors its liquidity position and deploys a robust cash management system.

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

Particulars	As at March 31, 2021 (refer notes 3 & 52)						
	Carrying amount	Contractual cash flow	Less than 6 months	6 to 12 months	1 to 2 years	> 2 years	Total
Long term borrowings*	26,989	28,982	7,502	5,665	10,893	4,922	28,982
Short term borrowings**	54,652	54,911	54,911	–	–	–	54,911
Lease liabilities	133,958	199,094	17,623	12,393	23,056	146,022	199,094
Trade payables	32,575	32,575	32,575	–	–	–	32,575
Other financial liabilities #	16,530	18,665	11,464	2,029	149	5,023	18,665
Total	**264,704**	**334,227**	**124,075**	**20,087**	**34,098**	**155,967**	**334,227**

*Include long term borrowings, current maturities of long term borrowings and committed interest payments on such borrowings.

**Include short term borrowings and committed interest payments on such borrowings.

Include both non-current and current financial liabilities and exclude current maturities of long term borrowings.

Particulars	As at March 31, 2020						
	Carrying amount	Contractual cash flow	Less than 6 months	6 to 12 months	1 to 2 years	> 2 years	Total
Short term borrowings	24,184	24,184	24,184	–	–	–	24,184
Lease liabilities	21,901	32,244	1,728	1,697	3,214	25,605	32,244
Trade payables	8,076	8,076	8,076	–	–	–	8,076
Other financial liabilities	2,886	3,269	2,285	36	23	925	3,269
Total	**57,047**	**67,773**	**36,273**	**1,733**	**3,237**	**26,530**	**67,773**

Collateral

The Company has created a charge in favour of the lenders for loans. Refer note 17 for details.

• Capital management

For the purpose of Company's Capital management, Capital includes issued equity capital, share premium and all other equity reserves attributable to the equity shareholders. The primary objective of the Company's capital management is to maximise the shareholder value.

Notes to Financial Statements

(Amounts in millions of Indian Rupees, unless stated otherwise)

The Company's gearing ratio was as follows:

Particulars	Year ended March 31, 2021 (refer notes 3 & 52)	Year ended March 31, 2020
Total borrowings	81,641	24,184
Less: investments	(22,714)	(54,383)
Less: cash and cash equivalents	(130)	(1,450)
Net debt	**58,797**	**(31,649)**
Total equity	**158,973**	**138,809**
Gearing ratio	**36.99%**	**(22.80)%**

The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

In order to achieve this overall objective, the Company's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. There have been no breaches in the financial covenants of any interest-bearing loans and borrowing in the year ended March 31, 2021.

47 There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company. Further, the amounts due and outstanding to be credited to the Investor Education and Protection Fund as at March 31, 2021 is Nil.

48 Effective April 1, 2019, the Company adopted Ind AS 116 "Leases" and applied the standard to all Lease contracts existing on April 1, 2019 using the modified retrospective method and has taken the cumulative adjustment to retained earnings, on the date of initial application. Consequently, the Company recorded the lease liability at the present value of the lease payments discounted at the incremental borrowing rate and the right of use asset at its carrying amount as if the standard had been applied since the commencement date of the lease, but discounted at the Company's incremental borrowing rate at the date of initial application. Due to the implementation of Ind AS 116, the nature of expense has been changed from operating lease rent to depreciation cost for the right of use assets and finance cost for interest accrued on lease liability.

49 The Ministry of home affairs vide order No.40-3/2020 dated 24.03.2020 notified telecommunication services among the essential services which continued to operate during lock down in the crisis situation of COVID-19, which has been declared as pandemic by World Health Organisation. The passive infrastructure as well as active telecom operations of the Company's customers are covered under essential services which are actively engaged in fulfilling the surge in demand arising out of the choice exercised by almost all industries to conduct their operations remotely. Hence, the telecom industry is among the businesses that are least impacted due to COVID-19. The Company believes that thus far, there is no significant impact of COVID-19 pandemic on the financial position and performance of the Company. Further, the company is not expecting any change in estimates as of now as the company is running its business and operations as usual without any major disruptions.

50 The Code on Social Security, 2020 ('code') relating to employee benefits during employment and post-employment benefits received Presidential assent in September 2020. The Code has been published in the Gazette of India. However, the date on which the Code will come into effect has not been notified. The Ministry of Labour and Employment has released draft rules for the Code on Social Security, 2020 on November 13, 2020, and has invited the suggestions from stakeholders. The Company will assess the impact of the Code when it comes into effect and will record any related impact in the period the Code becomes effective.

51 A large customer of the Company accounts for substantial part of net sales for the period ended March 31, 2021 and also constitutes a significant part of trade receivables outstanding as at March 31, 2021.

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(Amounts in millions of Indian Rupees, unless stated otherwise)

The said customer in its declared results for the quarter and nine months period ended December 31, 2020, had expressed its ability to continue as going concern to be dependent on successful negotiations with lenders and its ability to generate the cash flow from operations that it needs to settle/ refinance its liabilities and guarantees as they fall due. The said customer in the meeting held on September 4, 2020 has approved the fund-raising plan up to ₹ 250,000 Mn.

By virtue of Indus-Infratel merger, the said customer agreed that the payment of outstanding dues under the MSAs would be settled partly by way of upfront payment which has been received on November 19, 2020 and partly by way of payment in 4 equal installments along with interest @ 6% per annum, out of which all installments have been received during the year ended March 31, 2021. Furthermore, the said customer made an interest bearing (6% per annum) prepayment of ₹ 24,000 Mn to the Company towards its future obligations under MSA. The company has been adjusting the prepayment of ₹ 24,000 Mn towards undisputed dues and amounts falling due after subsequent dispute.

Additionally, the payment obligations of the said customer are secured through a share pledge agreement whereby, subject to terms of the agreement, the Company has created a primary pledge over 190,657,769 shares held in the Company by one of the promoters who is also the promoter of the said customer.

In addition, the Company will have a secondary pledge, subject to the terms and conditions agreed between the parties, over the above promoter's remaining shares in the Company and the corporate guarantee by such promoter which can get triggered in certain situations and events in the manner agreed between the parties up to a maximum of ₹ 42,500 Mn. Pursuant to such security and the guarantee by the promoter group of such customer, uncertainty in regard of recovery of trade receivables for the next one year has been mitigated. Basis the security package, the Company has recognized contractual exit charges as and when it gets due.

However, the loss of the significant customer or the failure to attract new customers could have an adverse effect on the business, results of operations and financial condition of the Company.

52 Financial statements for the year ended March 31, 2021 are not comparable with the previous year due to the facts as mentioned in note 3. Previous year figures have been regrouped/ rearranged wherever necessary to conform to the current year grouping.

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

As per our report of even date attached

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

Vijay Agarwal
Partner
Membership No: 094468

Place: Gurugram
Date: April 22, 2021

For and on behalf of the Board of Directors of **Indus Towers Limited**

Harjeet Kohli
Director

Ravinder Takkar
Director

Bimal Dayal
Managing Director & CEO

Vikas Poddar
Chief Financial Officer

Samridhi Rodhe
Company Secretary