NOTES TO STANDALONE FINANCIAL STATEMENTS

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

1. Corporate information

Bharti Airtel Limited ('the Company') is domiciled and incorporated in India as a public limited company with its shares being listed on the National Stock Exchange and the BSE. The registered office of the Company is situated at Bharti Crescent, 1, Nelson Mandela Road, Vasant Kunj, Phase – II, New Delhi – 110070.

The Company is principally engaged in provision of telecommunication services in India. The details as to the services provided by the Company are further provided in note 23.

2. Summary of significant accounting policies

2.1 Basis of preparation

These standalone financial statements ('financial statements') have been prepared to comply in all material respects with the Indian Accounting Standard ('Ind AS') as notified by the Ministry of Corporate Affairs ('MCA') under section 133 of the Companies Act, 2013 ('Act'), read together with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time) and other relevant provisions of the Act .

The financial statements are approved for issue by the Company's Board of Directors on May 18, 2020.

The financial statements are based on the classification provisions contained in Ind AS 1, 'Presentation of Financial statements' and division II of schedule III of the Companies Act, 2013. Further, for the purpose of clarity, various items are aggregated in the standalone statement of profit and loss (' statement of profit and loss') and balance sheet. Nonetheless, these items are dis-aggregated separately in the notes to the financial statements, where applicable or required.

All the amounts included in the financial statements are reported in millions of Indian Rupee ('Rupee' or 'Rs.') and are rounded to the nearest million, except per share data and unless stated otherwise. Further, due to rounding off, certain amounts are appearing as '0'.

The preparation of the said financial statements requires the use of certain critical accounting estimates and judgements. It also requires the management to exercise judgement in the process of applying the Company's accounting policies. The areas where estimates are significant to the financial statements, or areas involving a higher degree of judgement or complexity, are disclosed in note 3.

The accounting policies, as set out in the following paragraphs of this note, have been consistently applied, by the Company, to all the periods presented in the said financial statements, except in case of adoption of any new standards and amendments during the year.

To provide more reliable and relevant information about the effect of certain items in the Balance Sheet and Statement of Profit and Loss, the Company has changed the classification of certain items. Previous year figures have been re-grouped or reclassified, to confirm to such current year's grouping / classifications. There is no impact on Equity or Net Loss due to these regrouping / reclassifications.

New Standards and amendments adopted during the year

The Company has applied the following Standards and amendments for the first time for their annual reporting period commencing April 1, 2019:

- Ind AS 116, Leases
- Amendment to Ind AS 12, Income Taxes
- Appendix C to Ind AS 12, Uncertainty over Income Tax Treatments

Ind AS 116, Leases

MCA had notified Ind AS 116 'Leases' effective for annual reporting periods beginning on or after April 01, 2019. The Company has applied Ind AS 116 using the modified retrospective approach. The Company elected to apply the practical expedient included in Ind AS 116 and therefore retained its existent assessment under Ind AS 17 as to whether a contract entered or modified before April 01, 2019 contains a lease. Refer note 34 for impact of adoption of Ind AS 116. Also refer note 2.11 for accounting policy on 'leases'.

Amendment to Ind AS 12, Income Taxes

MCA had notified Amendment to Ind AS 12, Income taxes, effective for annual reporting periods beginning on or after April 1, 2019. As per the amendment, an entity shall recognise the income tax consequences of dividends when it recognises a liability to pay a dividend and shall recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events. The amendment does not have a material impact on the financial statements of the Company in addition to what the Company has already recorded/ disclosed.

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

MCA had notified Appendix C to Ind AS 12, Uncertainty over Income Tax Treatments, effective for annual reporting periods beginning on or after April 1, 2019. Appendix C to Ind AS 12 addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of Ind AS 12, Income Taxes. It does not apply to taxes or levies outside the scope of Ind AS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. Appendix C to Ind AS 12 addresses the following:

- Whether an entity considers uncertain tax treatments separately
- The assumptions an entity makes about the examination of tax treatments by taxation authorities
- How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates
- How an entity considers changes in facts and circumstances

The Company has applied Appendix C to Ind AS retrospectively with the cumulative effect of initial application recognised at the date of initial application.

Upon application of Appendix C to Ind AS 12, the Company considered whether it has any uncertain tax positions. The Company's tax filings include deductions and the taxation authorities may challenge those tax treatments. The Company determined, based on its tax compliance, that it is probable that its tax treatments will be accepted by the taxation authorities. Appendix C to Ind AS 12 does not have a material impact on the financial statements of the Company in addition to what the Company has already recorded/ disclosed.

2.2 Basis of measurement

The financial statements have been prepared on the accrual and going concern basis, and the historical cost convention except where the Ind AS requires a different accounting treatment. The principal variations from the historical cost convention relate to financial instruments classified as fair value through profit or loss (refer note 2.10) and liability for cash-settled awards (refer note 2.16) - which are measured at fair value.

Fair value measurement

Fair value is the price at the measurement date, at which an asset can be sold or a liability can be transferred, in an orderly transaction between market participants. The Company's accounting policies require, measurement of certain financial instruments and liabilities at fair values (either on a recurring or non-recurring basis). Also, the fair values of financial instruments measured at amortised cost are required to be disclosed in the said financial statements.

The Company is required to classify the fair valuation method of the financial / non-financial assets and liabilities, either measured or disclosed at fair value in the financial statements, using a three level fair-value-hierarchy (which reflects the significance of inputs used in the measurement). Accordingly, the Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

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

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

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

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

2.3 Business combinations

The Company accounts for business combinations using the acquisition method of accounting, and accordingly, the identifiable assets acquired and the liabilities assumed in the business are recorded at their acquisition date fair values (except certain assets and liabilities which are required to be measured as per the applicable standard). The consideration transferred for the acquisition of a business is aggregation of the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Company in exchange for control of the business.

The consideration transferred also includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Any contingent consideration transferred is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability is subsequently measured at fair value with changes in fair value recognised in statements of profit or loss. Contingent consideration that is classified as equity is not re-measured and its subsequent settlement is accounted for within equity.

Acquisition-related costs are expensed in the period in which the costs are incurred.

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If the initial accounting for a business combination is incomplete as at the reporting date in which the combination occurs, the identifiable assets and liabilities acquired in a business combination are measured at their provisional fair values at the date of acquisition. Subsequently adjustments to the provisional values are made retrospectively within the measurement period, if new information is obtained about facts and circumstances that existed as of the acquisition date and, if known, would have affected the measurement of the amounts recognised as of that date or would have resulted in the recognition of those assets and liabilities as of that date; otherwise the adjustments are recorded in the period in which they occur.

A contingent liability recognised in a business combination is initially measured at its fair value. Subsequently, it is measured at the higher of the amount that would be recognised in accordance with Ind AS 37, 'Provisions, Contingent Liabilities and Contingent Assets', or amount initially recognised less, when appropriate, cumulative income recognised in accordance with Ind AS 115 'Revenue from Contracts with Customers'.

2.4 Common control transactions

Transactions arising from transfers of assets/ liabilities, interest in entities or businesses between entities that are under the common control, are accounted at historical carrying amounts. The difference, between any consideration paid / received and the aggregate historical carrying amounts of assets/ liabilities and interests in entities acquired / disposed (other than impairment, if any), is recorded in capital reserve / retained earnings, as applicable.

2.5 Foreign currency transactions

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

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

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

The equity items denominated in foreign currencies are translated at historical cost.

2.6 Current versus non-current classification

The Company presents assets and liabilities in the balance sheet based on current / non-current classification.

Deferred tax assets and liabilities, and all other assets and liabilities which are not current (as discussed in the below paragraphs) are classified as non-current assets and liabilities.

An asset is classified as current when it is expected to be realised or intended to be sold or consumed in normal operating cycle, held primarily for the purpose of trading, expected to be realised within twelve months after the reporting period, or cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

A liability is classified as current when it is expected to be settled in normal operating cycle, it is held primarily for the purpose of trading, it is due to be settled within twelve months after the reporting period, or there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

Separated embedded derivatives are classified basis the host contract.

2.7 Property, plant and equipment ('PPE')

An item is recognised as an asset, if and only if, it is probable that the future economic benefits associated with the item will flow to the Company and its cost can be measured reliably. PPE are initially recognised at cost. The initial cost of PPE comprises its purchase price (including non-refundable duties and taxes but excluding any trade discounts and rebates), assets retirement obligations (refer note 2.17 (b)) and any directly attributable cost of bringing the asset to its working condition and location for its intended use.

Subsequent to initial recognition, PPE are stated at cost less accumulated depreciation and any impairment losses. When significant parts of PPE are required to be replaced at regular intervals, the Company recognises

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such parts as separate component of assets. When an item of PPE is replaced, then its carrying amount is de-recognised from the balance sheet and cost of the new item of PPE is recognised. Further, in case the replaced part was not being depreciated separately, the cost of the replacement is used as an indication to determine the cost of the replaced part at the time it was acquired.

The expenditures that are incurred after the item of PPE has been put to use, such as repairs and maintenance, are normally charged to the statement of profit and loss in the period in which such costs are incurred. However, in situations where the said expenditure can be measured reliably, and is probable that future economic benefits associated with it will flow to the Company, it is included in the asset's carrying value or as a separate asset, as appropriate.

Depreciation on PPE is computed using the straight-line method over the estimated useful lives. The management basis its past experience and technical assessment has estimated the useful life, which is at variance with the life prescribed in Part C of Schedule II of the Companies Act, 2013 and has accordingly, depreciated the assets over such useful life. Freehold land is not depreciated as it has an unlimited useful life. The Company has established the estimated range of useful lives for different categories of PPE as follows:

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

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

The cost of capital work-in-progress (CWIP) is presented separately in the balance sheet.

2.8 Intangible assets

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

The intangible assets are initially recognised at cost. These assets having finite useful life are carried at cost less accumulated amortisation and any impairment losses. Amortisation is computed using the straight-line method over the expected useful life of intangible assets.

The Company has established the estimated useful lives of different categories of intangible assets as follows:

a. Software

Software are amortised over the period of license, generally not exceeding five years.

b. Licenses (including spectrum)

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

The revenue-share based fee on licenses / spectrum is charged to the statement of profit and loss in the period such cost is incurred.

c. Other acquired intangible assets

Other acquired intangible assets include the following:

Rights acquired for unlimited license access: Over the period of the agreement which ranges upto five years

Customer base: Over the estimated life of such relationships

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

The useful lives and amortisation method are reviewed, and adjusted appropriately, at least at

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

Further, the cost of intangible assets under development includes the following:

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

(b) the amount of software / IT platform under development.

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 or loss when the asset is derecognised.

2.9 Impairment of non-financial assets

a. Goodwill

Goodwill recognised is excess of consideration transferred over the net of the value of identifiable assets acquired and the liabilities assumed. Goodwill is not amortised; however it is tested annually for impairment and whenever there is an indication that the unit may be impaired and carried at cost less any accumulated impairment losses.

For the purpose of impairment testing, the goodwill is allocated to a cash-generating-unit ('CGU') or group of CGUs ('CGUs'), which are expected to benefit from the acquisition-related synergies and represent the lowest level within the entity at which the goodwill is monitored for internal management purposes, within an operating segment. A CGU is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or group of assets.

Impairment occurs when the carrying value of a CGU / CGUs including the goodwill, exceeds the estimated recoverable amount of the CGU / CGUs. The recoverable amount of a CGU / CGUs is the higher of its fair value less costs to sell and its value in use. Value-in use is the present value of future cash flows expected to be derived from the CGU / CGUs.

The total impairment loss of a CGU / CGUs is allocated first to reduce the carrying value of Goodwill allocated to that CGU / CGUs and then to the other assets of that CGU / CGUs - on pro-rata basis of the carrying value of each asset.

b. PPE, intangible assets and intangible assets under development

PPE (including CWIP), Right-of-use assets ('ROU') and intangible assets with definite lives, are reviewed for impairment, whenever events or changes in circumstances indicate that their carrying values may not be recoverable. Intangible assets under development is tested for impairment, at-least annually and whenever circumstances indicate that it may be impaired.

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

Reversal of impairment losses

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

2.10 Financial instruments

a. Recognition, classification and presentation

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

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

The Company recognises its investment in subsidiaries, associates and joint ventures at cost less any impairment losses. The said investments are tested for impairment whenever circumstances indicate that their carrying values may exceed the recoverable amount (viz. higher of the fair value less costs to sell and the value-in-use).

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The Company classifies its financial assets in the following categories: a) those to be measured subsequently at fair value through profit or loss, and b) those to be measured at amortised cost. The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

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

The Company has classified foreign currency convertible bond denominated in USD that can be converted to ordinary shares at the option of the bondholder at a conversion price fixed in Company's functional currency (INR) as a compound financial instrument comprising of a liability component and an equity component.

The entire hybrid contract, financial assets with embedded derivatives, are considered in their entirety for determining the contractual terms of the cash flow and accordingly the embedded derivatives are not separated. However, derivatives embedded in non-financial instrument / financial liabilities (measured at amortised cost) host contracts are classified as separate derivatives if their economic characteristics and risks are not closely related to those of the host contracts.

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

b. Measurement – Non-derivative financial instruments

I. Initial measurement

At initial recognition, the Company measures the non-derivative financial instruments (except off-market financial guarantee) at its fair value plus, in the case of financial instruments not at fair value through profit or loss, transaction costs. Otherwise transaction costs are expensed in the statement of profit and loss. Any off-market financial guarantees, issued in relation to obligations of subsidiaries, are initially recognised at fair value (as part of the cost of the investment in the subsidiary).

The liability component of a compound financial instrument is initially recognised at the fair value of a similar liability that does not have an equity conversion option. The equity component is initially recognised at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

II. Subsequent measurement - financial assets

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

i. Financial assets measured at amortised cost

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

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

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

Impairment

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

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

III. Subsequent measurement - financial liabilities

Any off-market financial guarantees are amortised over the life of the guarantee and are measured at each reporting date at the higher of (i) the remaining unamortised balance of the amount at initial recognition and (ii) the best estimate of expenditure required to settle the obligation at the end of the reporting period. Other financial liabilities are subsequently measured at

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amortised cost using the EIR method (if the impact of discounting / any transaction costs is significant).

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortised cost using the effective interest method. The equity component of a compound financial instrument is not re-measured. Interest related to the financial liability is recognised in profit or loss under finance cost. On conversion at maturity, the financial liability is reclassified to equity and no gain or loss is recognised.

c. Measurement - derivative financial instruments

Derivative financial instruments, including separated embedded derivatives are classified as financial instruments at fair value through profit or loss - Held for trading. Such derivative financial instruments are initially recognised at fair value. They are subsequently measured at their fair value, with changes in fair value being recognised in the statement of profit and loss within finance income / finance costs.

d. Derecognition

The financial liabilities are de-recognised from the balance sheet when the under-lying obligations are extinguished, discharged, lapsed, cancelled, expires or legally released. The financial assets are de-recognised from the balance sheet when the rights to receive cash flows from the financial assets have expired, or have been transferred and the Company has transferred substantially all risks and rewards of ownership. The resultant impact of derecognition is recognised in the statement of profit and loss.

2.11 Leases

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

Company as a lessee

On initial application of Ind AS 116, the Company recognised a lease liability measured at the present value of all the remaining lease payments, discounted using the lessee's incremental borrowing rate at April 1, 2019 whereas the Company has elected to measure ROU at its carrying amount as if Ind AS 116 had been applied since the lease commencement date, but discounted using the lessee's incremental borrowing rate at April 1, 2019.

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

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

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

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

In the Balance Sheet, the ROU and lease liabilities are presented separately. In the statement of profit and loss, interest expense on lease liabilities are presented separately from the depreciation charge for the ROU. Interest expense on the lease liability is a component of finance costs, which are presented separately in the statement of profit or loss. In the statement of cash flows, cash payments for the principal portion of lease payments and the interest portion of lease liability are presented as financing activities, and short-term lease payments and

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payments for leases of low-value assets and variable lease payments not included in the measurement of the lease liability, if any, as operating activities.

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

Short-term leases and leases of low-value assets

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

Company as a lessor

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

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

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

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

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

2.12 Taxes

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

a. Current tax

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

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

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

b. Deferred tax

Deferred tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying values in the financial statements. Deferred tax assets / liabilities recognised for temporary differences arising from a business combination, affect the amount of goodwill or the bargain purchase gain that the Company recognises. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred tax is not recognised if it arises from initial recognition of an asset or liability in a transaction

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other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

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

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

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

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

Deferred tax assets include Minimum Alternate Tax (MAT) paid in accordance with the tax laws in India, which is likely to give future economic benefits in the form of availability of set off against future income tax liability. MAT is recognised as deferred tax assets in the balance sheet to the extent that it is probable that future taxable profit will be available against which MAT credit can be utilised.

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

2.13 Inventories

Inventories are stated at the lower of cost (determined using the first-in-first-out method) and net realisable value. The costs comprise its purchase price and any directly attributable cost of bringing the inventories to its present location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

2.14 Cash and cash equivalents

Cash and cash equivalents include cash in hand, bank balances and any deposits with original maturities of three months or less (that are readily convertible to known amounts of cash and cash equivalents and subject to an insignificant risk of changes in value). However, for the purpose of the statement of cash flows, in addition to above items, any bank overdrafts / cash credits that are integral part of the Company's cash management, are also included as a component of cash and cash equivalents.

2.15 Share capital / securities premium account

Ordinary shares are classified as Equity when the Company has an un-conditional right to avoid delivery of cash or another financial asset, that is, when the dividend and repayment of capital are at the sole and absolute discretion of the Company and there is no contractual obligation whatsoever to that effect.

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

2.16 Employee benefits

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

i. Defined Contribution plans

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

ii. Defined benefits plans

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

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

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

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

a. Other long-term employee benefits

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

The Company provides for the liability towards the said benefits on the basis of actuarial valuation carried out quarterly as at the reporting date, by an independent qualified actuary using the projected-unit-credit method. The related re-measurements are recognised in the statement of profit and loss in the period in which they arise.

b. Share-based payments

The Company operates equity-settled and cash-settled employee share-based compensation plans, under which the Company receives services from employees as consideration for stock options either towards shares of the Company or cash settled units.

In case of equity-settled awards, the fair value of stock options (at grant date) is recognised as an expense in the statement of profit and loss within employee benefits as employee share-based payment expenses over the vesting period, with a corresponding increase in share-based payment reserve (a component of equity).

However, in case of cash-settled awards, the credit is recognised as a liability within other non-financial liabilities over the vesting period. Subsequently, at each reporting period, until the liability is settled, and at the date of settlement, liability is re-measured at fair value through statement of profit and loss.

The total amount so expensed is determined by reference to the grant date fair value of the stock options granted, which includes the impact of any market performance conditions and non-vesting conditions but excludes the impact of any service and non-market performance vesting conditions. However, the non-market performance vesting and service conditions are considered in the assumption as to the number of options that are expected to vest. The forfeitures are estimated at the time of grant and reduce the said expense rateably over the vesting period.

The expense so determined is recognised over the requisite vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. As at each reporting date, the Company revises its estimates of the number of options that are expected to vest, if required.

It recognises the impact of any revision to original estimates in the period of change. Accordingly, no expense is recognised for awards that do not ultimately vest, except for which vesting is conditional upon a market performance / non-vesting condition. These are treated as vested irrespective of whether or not the market / non-vesting condition is satisfied, provided that service conditions and all other non-market performance are satisfied.

Where the terms of an award are modified, in addition to the expense pertaining to the original award, an incremental expense is recognised for any modification that results in additional fair value, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled (including due to non-vesting conditions not being met), it is treated as if it is vested thereon, and any un-recognised expense for the award is recognised immediately. In case of cancellation of cash-settled award, change in the value of the liability, if any, is recognised in statement of profit and loss.

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2.17 Provisions

a. General

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

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

b. Asset retirement obligations ('ARO')

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

2.18 Contingencies

A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made. Contingent assets are not recognised and disclosed only where an inflow of economic benefits is probable.

2.19 Revenue recognition

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

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

a. Service revenue

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

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

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

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

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

Revenues from long distance operations comprise of voice services and bandwidth services (including

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installation), which are recognised on provision of services over the period of respective arrangements.

b. Multiple element arrangements

The Company has entered into certain multiple-element revenue arrangements which involve the delivery or performance of multiple products, services or rights to use assets. At the inception of the arrangement, all the deliverables therein are evaluated to determine whether they represent distinct performance obligations, and if so, they are accounted for separately. Total consideration related to the multiple element arrangements is allocated to each performance obligation based on their standalone selling prices. The stand-alone selling prices are determined based on the list prices at which the Company sells equipment and network services separately.

c. Equipment sales

Equipment sales mainly pertain to sale of telecommunication equipment and related accessories for which revenue is recognised when the control of equipment is transferred to the customer, i.e. transferred at a point in time. However, in case of equipment sale forming part of multiple-element revenue arrangements which is not a distinct performance obligation, revenue is recognised over the customer relationship period.

d. Interest income

The interest income is recognised using the EIR method. For further details, refer note 2.10.

e. Costs to obtain or fulfil a contract with a customer

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

f. Dividend income

Dividend income is recognised when the Company's right to receive the payment is established.

2.20 Government grants

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

Government grants relating to income are deferred and recognised in the profit or loss over the period necessary to match them with the costs that they are intended to compensate.

Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred income and are credited to profit or loss on a straight-line basis over the expected lives of the related assets.

2.21 Borrowing costs

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

2.22 Exceptional items

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

2.23 Non-operating expense

Non-operating expense comprises regulatory levies applicable to finance income.

2.24 Dividends paid

Dividend to shareholders is recognised as a liability and deducted from equity, in the year in which the dividends are approved by the shareholders. However, interim dividends declared by the Board of directors, which does not need shareholders' approval, are recognised as a liability and deducted from retained earnings, in the year in which the dividends are so declared.

2.25 Earnings per share ('EPS')

The Company presents the Basic and Diluted EPS.

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

Diluted EPS is computed by adjusting, the profit for the year attributable to the shareholders and the weighted average number of shares considered for deriving Basic EPS, for the effects of all the shares that could have been

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issued upon conversion of all dilutive potential shares. The dilutive potential shares are adjusted for the proceeds receivable had the shares been actually issued at fair value. Further, the dilutive potential shares are deemed converted as at beginning of the period, unless issued at a later date during the period.

3. Key sources of estimation uncertainties and Critical judgements

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

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

3.1 Key sources of estimation uncertainties

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

a. Useful lives of PPE

As described at note 2.7 above, the Company reviews the estimated useful lives of property, plant and equipment at the end of each reporting period. After considering market conditions, industry practice, technological developments and other factors, the Company determined that the current useful lives of its PPE remain appropriate. However, changes in economic conditions of the markets, competition and technology, among others, are unpredictable and they may significantly impact the useful lives of PPE and therefore the depreciation charges.

b. Impairment reviews

The Company conducts impairment reviews of investments in subsidiaries/ associates/ joint arrangements whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. Determining whether an asset is impaired requires an estimation of the recoverable amount, which requires the Company to estimate the value in use which base on future cash flows, after taking into account past experience management's best estimate about future developments. 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. The Company uses judgment in making these assumptions and selecting the inputs to the impairment calculation, based on Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period (refer note 7).

c. Taxes

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

d. Allowance for impairment of trade receivables

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

e. Contingent liabilities and provisions

The Company is involved in various legal, tax and regulatory matters, the outcome of which may not be favourable to the Company. Management in consultation with the legal, tax and other advisers assess the likelihood that a pending claim will succeed. The Company has applied its judgement and has recognised liabilities based

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on whether additional amounts will be payable and has included contingent liabilities where economic outflows are considered possible but not probable.

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

a. Separating lease and non-lease components

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

b. Determining the lease term

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

c. Determining the incremental borrowing rate for lease contracts

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

d. Revenue recognition and presentation

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

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

4. Significant transactions / new developments

i. On October 24, 2019, the Hon'ble Supreme Court of India delivered a judgement in relation to a long outstanding industry-wide case upholding the view of the Department of Telecommunications ('DoT') in respect of the definition of Adjusted Gross Revenue ('AGR') ("Court Judgement"). The Hon'ble Supreme Court in a Supplementary Order of the same date directed the affected parties to pay amounts due to DoT within a period of three months, which ended on January 23, 2020.

Subsequent to the Court Judgment, DoT had issued letters dated November 13, 2019 and February 3, 2020 to the Company to carry out own-assessment of the liability and afforded certain guidelines/clarifications to compute the amounts payable based on the Hon'ble Supreme Court Judgement. Accordingly, in February 2020, the Company based on its interpretation and assessment of the guidelines/clarifications, and the principles laid down in the Court Judgement, made payments aggregating ₹ 119,020 to the DoT, and an additional ₹ 49,500 as a deposit (subject to subsequent refund / adjustment) to cover differences resulting from re-verification / reconciliation by DoT.

On March 16, 2020, the DoT had filed an application with respect to giving reasonable time to the affected parties (a period of 20 years with 8% interest on unpaid amounts to duly protect the net present value) and to cease the currently applicable interest after a particular date. The Hon'ble Supreme Court, in a hearing on March 18, 2020, ordered that no exercise of self-assessment/ re-assessment is to be done and the dues which were placed before the Court have to be paid including interest and penalty. At the same hearing, the Hon'ble Supreme Court stated that the DoT application would be considered on the next date of hearing, which is pending disposal.

In the absence of any potential reliefs, without prejudice, and given the matter is still being considered by the Hon'ble Supreme Court as stated above, the Company has, on the basis of demands received and the period for which demands have not been received having regard

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to assessments carried out in earlier years and the guidelines/clarifications, provided for, in respect of License Fees, an additional amount of ₹ 170,446 (comprising of Principal of ₹ 29,670 (upto September 30, 2019) and applicable penalty thereon of ₹ 23,650, and, on such unpaid amounts, interest of ₹ 73,338 and interest on penalty of ₹ 43,788 upto March 31, 2020) and in respect of Spectrum Usage Charges, an amount of ₹ 114,532 (comprising of Principal of ₹ 26,860 (upto September 30, 2019) and applicable penalty thereon of ₹ 11,580, and, on such unpaid amounts, interest of ₹ 53,221 and interest on penalty of ₹ 22,871 upto March 31, 2020) as a charge to the statement of profit and loss and disclosed as an exceptional item. From September, 2019, the License Fees/Spectrum Usage Charges have been accounted for considering the effect of the Court Judgement, and reflected accordingly in the Statement of Profit and Loss (refer note 30).

ii. During the year ended March 31, 2020, the Company has successfully raised ₹ 215,017 of additional long term financing through a combination of ₹ 144,000 in the form of qualified institutional placement of equity shares (approximately 323.60 Mn fully paid up equity shares of face value ₹ 5 each were issued and allotted at a price of ₹ 445 per equity share) and ₹ 71,017 in the form of 1.50% Foreign Currency Convertible Bond offerings (issued at par and repayable in 2025 at 102.66% of their outstanding principal amount).

iii. During the year ended March 31, 2020, the Company has transferred on a going concern basis its operations pertaining to optical fiber undertaking to Telesonic Network Limited with effect from August 3, 2019 (being the effective and appointed date of the Scheme of Arrangement under section 230 to section 232 of the Companies Act, 2013). Accordingly, for the said common control transaction, the excess of consideration amounting to ₹ 51,139 over the net assets (including the related deferred tax liability), amounting to ₹ 4,063 has been recognised as Capital reserve, a component of equity.

iv. During the year ended March 31, 2020, the Company gave effect to the merger of consumer mobile businesses of Tata Teleservices Limited ('TTSL') and Tata Teleservices (Maharashtra) Limited ('TTML') with the Company, on July 1, 2019 (being the effective and appointed date of the Scheme of Arrangement under section 230 to section 232 of the Companies Act, 2013). As part of the said transaction, the Company is indemnified, for the ramifications of past liabilities (viz. for the period prior to the completion of the transaction). Considering that the said merger has been completed and as a consequence of the Court Judgement, the incremental liabilities of TTSL / TTML pertaining to AGR as per the estimates available have been recorded in the books of the Company with a corresponding indemnity asset (included in Other current financial assets) for the same. As the said incremental liabilities pertains to the period before the acquisition, TTSL / TTML reserve their rights as available to them under law to take appropriate action vis-a-vis the authorities.

The Company, on the basis of the TDSAT orders directing the operationalisation of the spectrum and taking all consequent actions, and based on the final approval by Tribunal and Registrar of Companies believes that the required approvals were in place for the Scheme to be effective. Accordingly, the said merger is accounted in accordance with Ind AS 103, 'Business Combinations'. Consequently, the excess of net assets over purchase consideration, amounting to ₹ 12,301 has been recognized as Capital reserve, a component of equity. While the merger is completed in the books of the Company, the same has also been taken on record by the DoT on February 6, 2020.

The summarised aggregated financial information of TTSL and TTML is as follows:

A. Consideration paid*	338
B. Net assets acquired	
Non-current assets	
Property, plant and equipment (including capital-work-in-progress for ₹ 16)	3,351
Right-of-use assets	19,257
Other intangible assets	33,246
Deferred tax assets (net)	15,600
Others	6,751
Current asset	
Indemnification assets	44,083
Others#	8,964
Total Assets (a)	**131,252**
Non-current liabilities	
Borrowings	3,859
Current liabilities	
Borrowings	44,778
Provisions^	41,006
Others$	28,970
Total Liabilities (b)	**118,613**
Net assets acquired (a-b)	**12,639**

* 970,668 equity shares of ₹ 5/- each and 470 redeemable preference shares of ₹ 100 each

mainly includes goods and service tax input credit

$ mainly includes trade payable and advances

^ provisions in the nature of regulatory dues

On above land & building included in Property, plant and equipment amounting to ₹ 2,865 (refer note 5) and land

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and building included in ROU (Refer note 34) amounting to ₹ 250, the title deed and lease agreements respectively are held in the name of TTSL/TTML and are pending to be transferred in the name of Company.

v. Network i2i Limited (a wholly owned subsidiary of the Company) on October 15, 2019 issued subordinated perpetual securities (original securities) of USD 750 Mn (₹ 53,489) at an issue price of USD 200,000 which were guaranteed by the Company. Subsequently, on February 18, 2020, Network i2i Limited issued subordinated perpetual securities (additional securities) of USD 250 Mn (₹ 17,894) at an issue price of USD 201,300 plus accrued interest from October 15, 2019. The additional securities constitute a further issuance of, and form a single series with, the original securities and have the same terms and conditions as the original securities except the principal amount, issue date and issue price. The interest payments on these securities (original securities and additional securities) may be deferred in a cumulative, non-compounding manner, subject to certain restrictions including on distributions and payment of dividend till such cumulative interest remains unpaid.

vi. During the year ended March 31, 2020, pursuant to the closure of rights issue on May 17, 2019, the Company allotted approximately 1,134 Mn fully paid up equity shares of face value ₹ 5 each at the price of ₹ 220 per equity share (including a premium of ₹ 215 per share) amounting to ₹ 249,390, to the eligible shareholders.

vii. During the year ended March 31, 2020, the Company has completed merger with Bharti Digital Networks Private Limited ('BDNPL') (formerly known as Tikona Digital Networks Private Limited) under section 230 to section 232 of the Companies Act, 2013 with appointed date being September 1, 2017. The Company has accounted the merger as a common control transaction as required under Ind AS 103, 'Business Combinations' and given the effect from April 1, 2018 (beginning of the preceding period). Accordingly, the comparative information has been restated with the relevant carrying amounts of BDNPL considered in Company's consolidated financial statements as adjusted for inter-company eliminations.

The summarised financial information of BDNPL is as follows:

Balance Sheet	As of March 31, 2019	As of April 1, 2018
Assets		
Non-current assets	12,278	6,027
Current assets	1,458	4,921
Total assets	**13,736**	**10,948**

Balance Sheet	As of March 31, 2019	As of April 1, 2018
Equity and liabilities		
Equity	(534)	(132)
Non-current liabilities	747	35
Current liabilities	13,523	11,045
Total equity and liabilities	**13,736**	**10,948**

	For the year ended March 31, 2019
Statement of profit and loss	
Income	-
Expenses	140
Loss from operating activities	**(140)**
Loss for the period	**(431)**

viii. During the year ended March 31, 2019, the Company had transferred its 16.76% equity stake of Bharti Infratel Limited to Nettle Infrastructure Investments Limited, against a consideration of ₹ 100,526. Accordingly the excess of cost of investments over the proceeds amounting to ₹ 13,069 had been recognised in other equity.

ix. During the year ended March 31, 2017, the Company had entered into a scheme of amalgamation for the merger of Telenor (India) Communications Private Limited ('Telenor') with the Company. Further, during the year ended March 31, 2019, as the closing conditions for the said merger were fulfilled, the said transaction was consummated. The difference of ₹ 5,315 between the purchase consideration (issuance of five equity shares and working capital adjustments) and fair value of net assets was recognised as Capital reserve, a component of equity. As part of the said transaction, the Company is indemnified, for the ramification of past liabilities (viz. for the period prior to the completion of the transaction).

Considering that the said merger has been completed and as a consequence of the Court Judgement, during year ended March 31, 2020, the incremental liabilities of Telenor pertaining to AGR as per the estimates available have been recorded in the books of the Company with a corresponding indemnity asset (included in Other current financial assets) for the same. As the said incremental liabilities pertains to the period before the acquisition, Telenor reserve its rights as available to them under law to take appropriate action vis-à-vis the authorities.

The fair values of the assets and liabilities recognised at the date of merger are as follows:

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Non-current assets	
Property, plant and equipment (including capital-work-in-progress of ₹ 94)	4,264
Other intangible assets (including intangible assets under development of ₹ 655)	17,684
Indemnification assets	8,835
Others	6,309
Current assets	
Cash and cash equivalents	6,931
Others	7,661
Non-current liabilities	
Borrowings	14,842
Others	955
Current liabil ties	
Borrowings	1,229
Trade payables	17,301
Others	12,592
Net assets acquired	**4,765**

x. During the year ended March 31, 2019, the Company invested ₹ 2,382 in non-cumulative 0.0001% Compulsorily Convertible Preference Shares ('CCPS') of Airtel Payment Bank Limited ('APBL', a subsidiary of the Company) having face value of ₹ 10 each at par. The said CCPS carries discretionary dividend and each CCPS is convertible into one equity share any time after April 1, 2021 but no later than March 31, 2022. The CCPS being equity instrument was considered as addition to Company's existing investments in APBL and hence is carried at cost.

xi. During the year ended March 31, 2019, the Company transferred its 100% equity stake in Bharti Airtel (USA) Limited to Bharti International (Singapore) Pte. Limited ('BISPL'), an indirect subsidiary of the Company against a consideration of ₹ 2,726. Accordingly, the excess of proceeds over the cost of investments amounting to ₹ 729 was recognised in other equity.

xii. During the year ended March 31, 2019, the Company transferred its operations pertaining to passive infrastructure at the core locations to Nxtra Data Limited, a wholly owned subsidiary, against a consideration of ₹ 3,245. Accordingly, the excess of proceeds over the cost of investments amounting to ₹ 189 was recognised in retained earnings.

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5. Property, plant and equipment ('PPE')

The following table presents the reconciliation of changes in the carrying value of PPE for the year ended March 31, 2020 and 2019:

	Leasehold improvement	Building	Land	Plant and equipment#	Furniture & fixture	Vehicles	Office equipment	Computers & servers	Total
Gross carrying value									
As of April 1, 2018	**5,124**	**6,363**	**1,854**	**1,004,775**	**1,994**	**299**	**5,006**	**33,195**	**1,058,610**
Additions	733	-	-	187,766	72	5	352	2,430	191,358
Acquisition through Business @	-	-	-	4,056	26	-	6	82	4,170
Transfer under common control^	(419)	(714)	-	(7,806)	(86)	-	(819)	(43)	(9,887)
Disposals / adjustments	(55)	(40)	(26)	(6,421)	(2)	(44)	(34)	(2,479)	(9,101)
As of March 31, 2019	**5,383**	**5,609**	**1,828**	**1,182,370**	**2,004**	**260**	**4,511**	**33,185**	**1,235,150**
As of April 1, 2019	**5,383**	**5,609**	**1,828**	**1,182,370**	**2,004**	**260**	**4,511**	**33,185**	**1,235,150**
Transition impact on adoption of Ind AS 116$	-	-	(399)	(659)	-	-	-	-	(1,058)
Adjusted balance as of April 1, 2019	**5,383**	**5,609**	**1,429**	**1,181,711**	**2,004**	**260**	**4,511**	**33,185**	**1,234,092**
Additions	482	-	-	150,695	63	-	176	3,170	154,586
Acquisition through business @	-	236	2,630	469	-	-	-	-	3,335
Transfer under common control^			-	(115,003)	-	-	-	-	(115,003)
Disposals / adjustments	(1)	(572)	(124)	(7,627)	(24)	(12)	(37)	-	(8,397)
As of March 31, 2020	**5,864**	**5,273**	**3,935**	**1,210,245**	**2,043**	**248**	**4,650**	**36,355**	**1,268,613**
Accumulated depreciation									
As of April 1, 2018	**4,294**	**2,985**	**40**	**543,054**	**1,655**	**232**	**3,988**	**25,256**	**581,504**
Charge*	238	276	5	93,749	124	21	409	3,544	98,366
Transfer under common control^	(355)	(247)	-	(4,915)	(85)	-	(686)	(34)	(6,322)
Disposals / adjustments	(4)	(0)	-	(6,007)	(1)	(31)	(13)	(2,441)	(8,497)
As of March 31, 2019	**4,173**	**3,014**	**45**	**625,881**	**1,693**	**222**	**3,698**	**26,325**	**665,051**
As of April 1, 2019	**4,173**	**3,014**	**45**	**625,881**	**1,693**	**222**	**3,698**	**26,325**	**665,051**
Transition impact on adoption of Ind AS 116$			(45)	(61)					(106)
Adjusted balance as of April 1, 2019	**4,173**	**3,014**	**-**	**625,820**	**1,693**	**222**	**3,698**	**26,325**	**664,945**
Charge*	266	251	-	111,624	117	14	358	3,925	116,555
Transfer under common control^	-	-	-	(53,387)	-	-	-	-	(53,387)
Disposals / adjustments	-	(399)	-	(7,340)	(4)	(7)	(36)	-	(7,786)
As of March 31, 2020	**4,439**	**2,866**	**-**	**676,717**	**1,806**	**229**	**4,020**	**30,250**	**720,327**
Net carrying value									
As of March 31, 2019	1,210	2,595	1,783	556,489	311	38	813	6,860	570,099
As of March 31, 2020	1,425	2,407	3,935	533,528	237	19	630	6,105	548,286

$Refer note 2.1 & 34, ^ refer note 4(iii) & 4(xii), # refer note 4(vii), and @ refer note 4(iv) & 4(ix)

*It includes exceptional items of ₹ 10,187 and ₹ 2,924 for the year ended March 31, 2020 and 2019 with respect to plant and equipment [(refer note 30 (i) (b) and (ii) (a)]

NOTES TO STANDALONE FINANCIAL STATEMENTS

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

The carrying value of capital work-in-progress as at March 31, 2020 and March 31, 2019 is ₹ 12,332 and ₹ 53,662 respectively, which mainly pertains to plant and equipment.

The Company has capitalised borrowing cost of ₹ 2,837 and ₹ 836 during the year ended March 31, 2020 and 2019 respectively.

The rate used to determine the amount of borrowing costs eligible for capitalisation was 9.35% and 8.04% for year ended March 31, 2020 and 2019, which is the weighted average interest rate applicable to the Company's general borrowings.

Change in useful life

During the year ended March 31, 2020, the Company has reassessed useful life of certain categories of network assets due to technological developments and accordingly has revised the estimate of its useful life in respect of those assets. The impact of above change on the depreciation charge for the current and future years are as follows:

	For the year ended	For the year Ending			Future period
	March 31, 2020	March 31, 2021	March 31, 2022	March 31, 2023	till end of life
Impact on depreciation charge	10,040	(2,095)	(1,895)	(1,570)	(4,480)

6. Intangible assets

The following table presents the reconciliation of changes in the carrying value of intangible assets for the year ended March 31, 2020 and 2019:

		Other intangible assets				
	Goodwill	Software	Bandwidth	Licenses (including spectrum)#	Others	Total
Gross carrying value						
As of April 1, 2018	**739**	**19,784**	**31,373**	**871,223**	**7,538**	**929,918**
Additions	-	2,600	9,685	44,544	-	56,829
Acquisition through Business Combinations@	-	-	-	15,821	1,208	17,029
Disposals / adjustments	-	2	79	(13)	(22)	46
As of March 31, 2019	**739**	**22,386**	**41,137**	**931,575**	**8,724**	**1,003,822**
As of April 1, 2019	**739**	**22,386**	**41,137**	**931,575**	**8,724**	**1,003,822**
Transition impact on adoption of Ind AS 116$		-	(41,137)	-	-	(41,137)
Adjusted balance as of April 1, 2019	**739**	**22,386**	**-**	**931,575**	**8,724**	**962,685**
Additions	-	3,152		163	-	3,315
Acquisition through business combination@		-		32,239	1,007	33,246
Disposals / adjustments	-	(8)		-	(18)	(26)
As of March 31, 2020	**739**	**25,530**	**-**	**963,977**	**9,713**	**999,220**
Accumulated amortisation						
As of April 1, 2018		**15,042**	**14,063**	**147,048**	**4,582**	**180,735**
Amortisation		2,471	2,302	49,061	1,926	55,760
Disposals / adjustments		-	79	(11)	(22)	46
As of March 31, 2019		**17,513**	**16,444**	**196,098**	**6,486**	**236,541**
As of April 1, 2019		**17,513**	**16,444**	**196,098**	**6,486**	**236,541**
Transition impact on adoption of Ind AS 116$		-	(16,444)	-	-	(16,444)
Adjusted balance as of April 1, 2019		**17,513**	**-**	**196,098**	**6,486**	**220,097**
Amortisation		2,968		52,133	1,292	56,393
Disposals / adjustments		(8)		-	(2)	(10)
As of March 31, 2020		**20,473**	**-**	**248,231**	**7,776**	**276,480**
Net carrying value						
As of March 31, 2019	739	4,873	24,693	735,477	2,238	767,281
As of March 31, 2020	739	5,057	-	715,746	1,937	722,740

$ refer note 2.1 & 34

refer note 4(vii) and @ refer note 4(iv) & 4(ix)

NOTES TO STANDALONE FINANCIAL STATEMENTS

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

6. Intangible assets (Contd..)

Weighted average remaining amortisation period of licenses as of March 31, 2020 and March 31, 2019 is 14.14 and 15.13 years respectively.

The carrying value of intangible assets under development as at March 31, 2020 and March 31, 2019 is ₹ 255 and ₹ 2,703 respectively, which mainly pertains to spectrum and software / IT platform.

The Company has capitalised borrowing cost of ₹ Nil and ₹ 179 during the year ended March 31, 2020 and 2019 respectively.

The rate used to determine the amount of borrowing costs eligible for capitalisation was Nil and 9.3% for year ended March 31, 2020 and 2019, which is the weighted average interest rate applicable to the company's specific borrowings.

7. Investments

Non-current

Detail of investments in subsidiaries, joint ventures, associate and other investments are as below:

	As of March 31, 2020	As of March 31, 2019
Investment in subsidiaries		
Bharti Infratel Limited: (quoted) 620,898,728 equity shares of ₹ 10 each (net of impairment)*	164,538	227,516
Network i2i Limited : 1,267,427,896 equity shares of USD 1 each	87,909	87,909
Bharti Telemedia Limited : 260,202,000 equity shares of ₹ 10 each	22,183	22,183
Bharti Hexacom Limited : 175,000,000 equity shares of ₹ 10 each	5,718	5,718
Bharti Airtel Lanka (Private) Limited : 50,200,221,771 equity shares of SLR 10 each (net of impairment)	4,527	4,527
Nxtra Data Limited : 5,050,000 equity shares of ₹ 10 each	309	309
Indo Teleports Limited : 22,998,995 equity shares of ₹ 10 each	308	308
Telesonic Networks Limited : 89,230,796 equity shares of ₹ 10 each	91	91
Bharti Airtel Services Limited : 100,000 equity shares of ₹ 10 each	1	1
Airtel Digital Limited (formerly known as Wynk Limited) : 50,000 equity shares of ₹ 10 each	1	1
Bharti Airtel International (Netherlands) B.V. : 1 equity shares of EURO 1 each	0	0
Nettle Infrastructure Investments Limited : 45,000 equity shares of ₹ 10 each	0	0
	285,585	**348,563**
Investment in associate		
Airtel Payments Bank Limited : 805,025,128 equity shares of ₹ 10 each	8,050	8,050
Airtel Payments Bank Limited : Non-cumulative 0.0001% compulsorily convertible preference shares 678,700,000 (March 31, 2019 - 238,150,000 equity shares of ₹ 10 each)	6,787	2,382
	14,837	**10,432**
Investment in joint ventures		
Bridge Mobile PTE Limited : 800,000 equity shares of USD 1 each	34	34
Firefly Networks Limited : 1,000,000 equity shares of ₹ 10 each	10	10
	44	**44**
Investment in subsidiaries, associate and joint ventures	**300,466**	**359,039**
Other Investments (FVTPL)		
Equity instruments	50	61
National Savings Certificates	2	2
	52	**63**

NOTES TO STANDALONE FINANCIAL STATEMENTS

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

7. Investments (Contd..)

Current

	As of March 31, 2020	As of March 31, 2019
Investment at FVTPL		
Debentures	264	-
Mutual funds (quoted)	86,501	16,696
	86,765	**16,696**
Interest accured but not due (refer note 10)	(15)	-
	86,750	**16,696**
Aggregate book value of unquoted investments	135,980	131,586
Aggregate book value of quoted investments	251,288	244,212
Aggregate market value of quoted investments	186,094	211,285

Detail of significant investments in subsidiaries are as below:

S. No	Name of the Subsidiaries	Place of incorporation	Principal activities	March 31, 2020	March 31, 2019
				% of shareholding	
1	Bharti Infratel Limited	India	Infrastructure sharing services	33.57	33.57
2	Bharti Telemedia Limited	India	Direct to home services	51.00	51.00
3	Bharti Hexacom Limited	India	Telecommunication services	70.00	70.00
4	Network i2i Limited	Mauritius	Submarine cable system	100.00	100.00

*Impairment test for investment in a subsidiary

The Company assesses at the end of each reporting period whether there is objective evidence that investments in subsidiaries, joint ventures and associates are impaired.

As at March 31, 2020, the carrying value of investment in Bharti Infratel Limited ('Infratel') was ₹ 176,955 (after considering impairment charge of ₹ 50,561 which was recorded in quarter ended September 30, 2019).

As of March 31, 2020, the Company performed a formal impairment analysis given the prolonged decline in the market price of the shares in Infratel. The recoverable amount of Infratel was determined based on higher of Value in use and Fair value less costs to sell.

As a result of this impairment analysis, the recoverable amount of its investment in Infratel was determined to be ₹ 164,538 resulting in an additional impairment of ₹ 12,417 for the quarter ended March 31, 2020. Consequently, the total impairment for the year ended March 31, 2020 was ₹ 62,978, which has been presented as an exceptional item (refer note 30(i)(d)).

Key assumptions considered by the Company in determining recoverable amounts under Income Approach are as follows:

- Cash flow projections for the period-5 years
- Terminal Growth Rate – 3.5% per annum
- Pre – Tax Risk adjusted discount rate – 14.7% (post-tax discount rate –12%)

Besides above, other assumptions included EBITDA margin to sustain at current levels.

Key assumptions considered by the Company in determining fair value less costs to sell under Market Approach includes the quoted price of the shares adjusted for an appropriate control premium. The assumptions used by the Company under the Market Approach includes significant unobservable inputs and therefore considered as a level 3 input under the fair value hierarchy.

NOTES TO STANDALONE FINANCIAL STATEMENTS

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

7. Investments (Contd..)

The key sensitivities based on reasonably possible change to the assumptions keeping other assumptions consistent under the Income Approach are as follows:

- 0.5% change in discount rate - Will result in an additional impairment of ₹ 8,693.
- 1% change in discount rate - Will result in an additional impairment of ₹ 16,143.
- 0.5% change in terminal growth rate - Will result in an additional impairment of ₹ 6,209.
- 1% change in terminal growth rate - Will result in an additional impairment of ₹ 11,176.

In developing the assumptions relating to the recoverable amounts, the Company considered both internal and external evidences as appropriate. If the assumptions considered change in future due to possible effect of uncertainties, this could result in additional impairments the effects of which may not have been estimated as at the date of the approval of these financial statements.

8. Derivative financial instruments

The details of derivative financial instruments are as follows:-

	As of March 31, 2020	As of March 31, 2019
Assets		
Currency swaps, forward and option contracts	1,936	72
	1,936	**72**
Liabilities		
Currency swaps, forward and option contracts	35	1,775
	35	**1,775**
Non-current derivative financial assets	39	4
Current derivative financial assets	1,897	68
Non-current derivative financial liabilities	-	(320)
Current derivative financial liabilities	(35)	(1,455)

9. Loans and security deposits

	As of March 31, 2020	As of March 31, 2019
Unsecured, considered good		
Non - current		
Loans to related parties (refer note 33)	180,918	140,632
Security deposits*	6,541	10,402
	187,459	**151,034**
Interest accured but not due (refer note 10)	(207)	(2)
	187,252	**151,032**
Current		
Loans to related parties (refer note 33)	**7,580**	**10,815**

*Security deposits (net of allowance for bad and doubtful debts of ₹ 324 and ₹ 873 as at March 31, 2020 and 2019, respectively) primarily includes deposits given towards rented premises, cell sites and interconnect ports.

NOTES TO STANDALONE FINANCIAL STATEMENTS

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

10. Financial assets – others

Non-current

	As of March 31, 2020	As of March 31, 2019
Indemnification assets*	12,658	9,082
Others	63	70
	12,721	**9,152**

*pursuant to merger with TTSL/ TTML and Telenor (refer note 4((iv) and (ix))).

Current

	As of March 31, 2020	As of March 31, 2019
Unbilled revenue (refer note 23)	12,608	12,072
Indemnification assets*	182,143	-
Interest accrued on investments	296	32
Finance lease receivables	-	84
Others#	48,725	500
	243,772	**12,688**

*primarily includes indemnification assets pursuant to merger with TTSL/ TTML and Telenor (refer note 4((iv) and (ix))).

#primarily include receivable towards transfer of operations pertaining to optical fiber to Telesonic Network Limited (refer note 4(iii)).

11. Income taxes

The major components of income tax credit are:

	For the year ended March 31, 2020	For the year ended March 31, 2019
Current income tax		
- For the year	-	-
- Adjustments for prior periods	-	15
	-	**15**
Deferred tax		
- Origination and reversal of temporary differences	(150,123)	(24,923)
- Adjustments for prior periods*	796	(8,839)
	(149,327)	**(33,762)**
Income tax (credit)	**(149,327)**	**(33,747)**

*Mainly pertain to positive outcome with respect to unrecognised tax benefits (Including MAT credit of ₹ 346 in March 31, 2020)

Statement of Other Comprehensive Income

	For the year ended March 31, 2020	For the year ended March 31, 2019
Deferred tax related to items charged or credited to Other Comprehensive Income during the year:		
- Re-measurement gains / (losses) on defined benefit plans	38	(52)
Deferred Tax charged to Other Comprehensive Income	**38**	**(52)**

NOTES TO STANDALONE FINANCIAL STATEMENTS

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

11. Income taxes (Contd..)

The reconciliation between the amount computed by applying the statutory income tax rate to the (loss) / profit before tax and income tax (credit) / expense is summarised below:

	For the year ended March 31, 2020	For the year ended March 31, 2019
Loss before tax	(510,209)	(52,439)
Enacted tax rates in India	34.944%	34.944%
Tax expense @ 34.944%	(178,288)	(18,324)
Effect of:		
Tax holiday	-	(184)
Adjustments in respect to previous years (incl. MAT Credit of ₹ 346 in March 31, 2020)	796	(8,822)
Adjustment in respect to MAT credit recoverability (refer note 30)	12,357	-
Deferred Tax recognised on losses and deductible temporary difference pertaining to business combination	(2,537)	-
(Income) / expense not (taxable) / deductible (net)	(3,742)	(6,557)
Adjustments in respect of impairment of investments	22,008	-
Items for which no deferred tax has been recognised	-	140
Others	79	-
Income tax (credit)	**(149,327)**	**(33,747)**

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

	As of March 31, 2020	As of March 31, 2019
Deferred tax asset / (liability)		
Allowance for impairment of debtors / advances	10,118	8,630
Carry forward losses	221,070	65,993
Employee benefits	1,184	1,062
Government Grants	538	-
Minimum tax credit	48,081	60,092
Lease rent equalization	-	6,426
Fair valuation of financial instruments and exchange differences	99	614
Depreciation / amortisation on PPE / intangible assets	(57,665)	(93,748)
Fair valuation of compulsory convertible bonds (FCCB)	(1,796)	-
Rates and taxes	5,213	477
Others	172	257
Net deferred tax asset	**227,014**	**49,803**

	For the year ended March 31, 2020	For the year ended March 31, 2019
Deferred tax income		
Allowance for impairment of debtors / advances	1,618	(5,186)
Carry forward losses	155,077	45,692
Employee benefits	42	2
Government Grants	538	-
Minimum tax credit	(12,011)	2,823
Lease rent equalisation	-	(182)
Fair valuation of financial instruments and exchange differences	(515)	(6,034)
Depreciation / amortisation on PPE / intangible assets	(187)	(2,344)
Fair valuation of compulsory convertible bonds (FCCB)	107	-
Rates and taxes	4,736	(955)
Others	(78)	(54)
Net deferred tax income	**149,327**	**33,762**

NOTES TO STANDALONE FINANCIAL STATEMENTS

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

11. Income taxes (Contd..)

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

	For the year ended March 31, 2020	For the year ended March 31, 2019
Opening balance	**49,803**	**12,535**
Tax credit recognised in profit or loss	149,327	33,762
Tax Income/(expense) during the period recognized in equity on account of FCCBs (refer note 17)	1,903	-
Tax Income/(expense) recognised in OCI	38	(52)
Taxes acquired/ transferred under common control transaction in equity	3,744	-
Taxes acquired/ transferred in business combination	15,600	3,717
Tax Income/(expense) during the period recognized in equity under Ind AS 116 (refer note 34)	10,405	-
Others	-	(159)
Closing Balance	**227,014**	**49,803**

Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and carry forward tax losses / credits (including capital losses) can be utilised. Accordingly, the company has not recognised deferred tax assets in respect of carried forward losses / credits of ₹ 494,490 and ₹ 389,153 as of March 31, 2020 and March 31, 2019, respectively as it is not probable that relevent taxable profits will be available in future.

The expiry schedule of the above capital tax losses is as follows:

	As of March 31, 2020	As of March 31, 2019
Expiry date		
Within one - three years	18,034	-
Within three - five years	289,149	-
Above five years	73,895	346,751
Unlimited	113,412	42,402
	494,490	**389,153**

The above includes business combination losses and unabsorbed depreciation in relation to Tata Teleservices Limited amounting to ₹ 108,468 (including ₹ 71,010 towards unabsorbed depreciation) as of March 31, 2020, in relation to Telenor (India) Communications Private Limited totalling to ₹ 64,280 (including ₹ 42,402 towards unabsorbed depreciation) as of March 31, 2020 and March 31, 2019, unexpired MAT Credit of ₹ 12,357 as on March 31, 2020 and Nil at March 31, 2019, on capital losses of ₹ 309,385 as at March 31, 2020 and ₹ 324,873 as at March 31, 2019.

Besides above, the company has also not recorded deferred tax assets in respect of impairment losses of Investment in Subsidiaries/ Joint ventures ₹ 63,448 as at March 31, 2020 and ₹ 470 as at March 31, 2019.

12. Other assets

Non-current

	As of March 31, 2020	As of March 31, 2019
Advances (net)#	20,928	28,343
Costs to obtain a contract with the customer (refer note 23)	4,827	-
Prepaid expenses	8,154	1,323
Taxes recoverable$	10,878	20,776
Capital advances	21	114
Others	773	9,734
	45,581	**60,290**

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

$Taxes recoverable primarily pertains to goods & service tax ('GST') and customs duty.

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

12. Other assets (Contd..)

Current

	As of March 31, 2020	As of March 31, 2019
Taxes recoverable$	116,207	93,127
Prepaid expenses	2,926	2,874
Advances to suppliers (net)@	3,700	15,755
Deposit with government authorities #	49,500	-
Costs to obtain a contract with the customer (refer note 23)	3,118	-
Others*	256	2,360
	175,707	**114,116**

$ Taxes recoverable primarily pertains to goods & service tax ('GST') and customs duty.

@ Advances to suppliers are disclosed net of provision of ₹ 1,652 and ₹ 1,577 as of March 31, 2020 and March 31, 2019 respectively.

It represents deposits made with DOT towards the AGR matter (refer note 4(i)).

* It mainly includes advances to staff and earnest money deposit.

13. Trade receivables

	As of March 31, 2020	As of March 31, 2019
Trade receivables considered good - unsecured*	61,552	57,517
Less: Allowances for doubtful receivables	(23,452)	(19,114)
	38,100	**38,403**

*It includes amount due from related parties (refer note 33).

Refer note 35(1)(iv) for credit risk

The movement in allowances for doubtful debts is as follows:

	For the year ended March 31, 2020	For the year ended March 31, 2019
Opening balance	19,114	33,590
Additions	4,653	8,750
Write off (net of recovery)	(315)	(23,226)
	23,452	**19,114**

14. Cash and bank balances

Cash and cash equivalents ('C&CE')

	As of March 31, 2020	As of March 31, 2019
Balances with banks		
- On current accounts	681	1,424
- Bank deposits with original maturity of 3 months or less	32,984	360
Cheques on hand	40	43
Cash on hand	20	34
	33,725	**1,861**
Interest accured but not due (refer note 10)	(57)	-
	33,668	**1,861**

NOTES TO STANDALONE FINANCIAL STATEMENTS

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

14. Cash and bank balances (Contd..)

Other bank balances

	As of March 31, 2020	As of March 31, 2019
Earmarked bank balances - unpaid dividend	12	110
Term deposits with bank	14	163
Margin money deposits*	299	249
	325	**522**
Interest accured but not due (refer note 10)	(17)	(30)
	308	**492**

For the purpose of statement cash flows, C&CE comprise of following:

	As of March 31, 2020	As of March 31, 2019
C & CE as per balance sheet	33,668	1,861
Bank overdraft (refer note 17)	(3,271)	(154)
	30,397	**1,707**

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

15. Share capital

	As of March 31, 2020	As of March 31, 2019
Authorised shares		
29,555,980,000 (March 31, 2019 - 29,506,000,000)		
equity shares of ₹ 5 each	**147,780**	**147,530**
Issued, Subscribed and fully paid-up shares		
5,455,557,355 (March 31, 2019 - 3,997,400,107)		
equity shares of ₹ 5 each	27,278	19,987
	27,278	**19,987**

a. Terms / rights attached to equity shares

The Company has only one class of equity shares having par value of ₹ 5 per share. Each holder of equity shares is entitled to cast one vote per share.

b. Details of shareholders (as per the register of shareholders) holding more than 5% shares in the company

	As of March 31, 2020		As of March 31, 2019	
	No. of shares '000	% holding	No. of shares '000	% holding
Equity shares of ₹ 5 each fully paid up				
Bharti Telecom Limited	2,116,236	38.79%	2,002,818	50.10%
Pastel Limited	759,007	13.91%	591,319	14.79%
Indian Continent Investment Limited	331,436	6.08%	81,151	2.03%

NOTES TO STANDALONE FINANCIAL STATEMENTS

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

15. Share capital (Contd..)

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

- During the year ended March 31, 2020, 970,668 equity shares of ₹ 5 each were issued to the shareholders of TTML as per the terms of the scheme of arrangement (refer note 4 (iv)).
- During the year ended March 31, 2019, 5 equity shares of ₹ 5 each were issued to the shareholders of Telenor as per the terms of the scheme of amalgamation (refer note 4 (ix)).

d. Shares held by Bharti Airtel Employees Welfare Trust against employee share-based payment plans (face value : ₹ 5 each)

	As of March 31, 2020		As of March 31, 2019	
	Shares '000	Amount	Shares '000	Amount
Opening balance	1,492	554	1,719	642
Purchased during the year	1,291	497	700	248
Exercised during the year	(564)	(263)	(927)	(336)
	2,219	**788**	**1,492**	**554**

e. Dividend

	For the year ended March 31, 2020	For the year ended March 31, 2019
A Declared and paid during the year		
Interim dividend for 2019-20 : ₹ Nil per share (2018-19 : ₹ 2.50 per share) (including dividend distribution tax 2018-19 @ 20.56% of ₹ 2,054)*	-	12,048
Final dividend for 2018-19 : ₹ Nil per share (2017-18 : ₹ 2.50 per share) (including dividend distribution tax 2018-19 @ 20.56% of ₹ 2,054)*	-	12,048
	-	**24,096**
B Proposed dividend		
Final dividend for 2019-20: ₹ 2 per share (2018-19 : ₹ Nil per share)	10,911	-
	10,911	**-**

The proposed dividend being subject to approval at respective annual general meetings, accordingly no corresponding liability has been recognised in the respective financial years.

*However, against this the Company has availed credit of ₹ Nil and ₹ 4,108 during the year ended March 31, 2020 and March 31, 2019 respectively, on account of dividend distribution tax on dividend received from subsidiary companies.

16. Reserves and surplus

a) **Retained earnings:** Retained earnings represent the amount of accumulated earnings of the Company, re-measurement differences on defined benefits plans, gains / (losses) on common control transactions and any transfer from general reserve.

b) **General reserve:** The Company has transferred a portion of its profit before declaring dividend in respective prior years to general reserve, as stipulated under the erstwhile Companies Act 1956. Mandatory transfer to general reserve is not required under the Companies Act 2013 ('Act').

Further, on exercise of the stock options, the difference between the consideration (i.e. the exercise price and the related amount of share-based payment reserve) and the cost (viz. related amount of loan provided to Bharti Airtel Employees Welfare Trust) of the corresponding stock options, is transferred to general reserve.

NOTES TO STANDALONE FINANCIAL STATEMENTS

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

16. Reserves and surplus (Contd..)

The difference between the share capital and the carrying values of the investment pursuant to the scheme of arrangement under sections 391 to 394 of the Companies Act, 1956 with respect to the amalgamation of Augere Wireless Broadband Private Limited has been recognised in general reserve.

c) **Business restructuring reserve:** It represents mainly the excess of the fair values over the original book values of the assets transferred to one of its subsidiary Bharti Infratel Limited pursuant to the scheme of arrangement under sections 391 to 394 of the Companies Act, 1956.

d) **Debenture redemption reserve:** Pursuant to the provisions of the Act, the Company is required to create debenture redemption reserve out of the profits and is to be utilised for the purpose of redemption of debentures. On redemption of the debentures, the related amount of this reserve gets transferred to retained earnings.

e) **Capital reserve:**

It pertains to capital reserve acquired pursuant to the scheme of arrangement under the Companies Act accounted under pooling of interest method and excess of purchase consideration over fair value of net assets (for certain business combinations).

17. Borrowings

Non-current

	As of March 31, 2020	As of March 31, 2019
Secured		
Vehicle loans*	1	10
	1	**10**
Less: Current portion (A)	(1)	(7)
	-	**3**
Unsecured		
Term loans	143,363	69,272
Non-convertible debentures**	32,342	32,322
Non-convertible bonds	76,192	69,515
Liability component of a foreign currency convertible bond@	69,856	-
Deferred payment liabilities***	458,892	466,191
	780,645	**637,300**
Less : Interest accured but not due (refer note 18)	(30,106)	(28,968)
Less: Current portion (B)	(45,827)	(22,215)
	704,712	**586,117**
	704,712	**586,120**
Current maturities of long-term borrowings (A+B)	**45,828**	**22,222**

*These loans are secured by hypothecation of the vehicles.

**During the year ended March 31, 2018, the Company had issued 30,000 listed, unsecured, rated, redeemable, Non - Convertible Debentures ('NCDs'), Series I and series II of face value of ₹ 10 Lakhs each, at par aggregating ₹ 30,000 on private placement basis, carrying interest rates 8.25% p.a. and 8.35% p.a. (payable annually) and principal repayable in year 2020 and 2021 respectively.

@During the year ended March 31, 2020, the Company has issued 1.50% Foreign Currency Convertible Bonds ('FCCBs') of USD 1,000 Mn (₹ 71,017) at par, convertible into ordinary shares of the Company at an initial conversion price of ₹ 534 per share at any time on or after February 27, 2020 and up to the close of business on February 7, 2025, at the option of the FCCB holders. FCCBs, which are not converted to ordinary shares during such specified period, are redeemable at 102.66% of their principal amount on February 17, 2025.

NOTES TO STANDALONE FINANCIAL STATEMENTS

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

17. Borrowings (Contd..)

The details of this FCCB issuance is as follows:

	As of March 31, 2020
Face Value of Bond issued	71,017
Equity component of convertible bonds - value of conversion rights(1)	(5,488)
Transaction costs	(491)
	65,038
Interest accrued but not due(2)	552
Foreign exchange differences	4,266
Borrowings non-current	**69,856**

(1) The equity component of convertible bonds has been presented in 'Other Equity' net of deferred tax of ₹ 1,903 (refer note 11).

(2) Interest is calculated by applying effective interest rate of 3.9% to liability component.

*** During the year ended March 31, 2018, the Government of India had provided one time option to elect higher number of annual instalments prospectively (upto a maximum of 16 instalments) towards the repayment of spectrum liability vis-a-vis earlier allowed 10 instalments. Accordingly, the Company had then exercised the option to increase the remaining number of instalments by 6 annual instalments, for all its existing deferred payment liabilities. Further, during the year ended March 31, 2020, the Government of India deferred the payment of the annual instalments due for year 2020-21 and 2021-22 and revised the remaining installment amount. The revised installments amount are based on deferred installment amount are to be equally spread over the remaining installment to be paid, without any increase in the existing time period specified for making the installment payment.

Current

	As of March 31, 2020	As of March 31, 2019
Unsecured		
Term loans	60,219	142,903
Commercial papers	9,629	86,379
Bank overdraft	3,271	154
	73,119	**229,436**
Less : Interest accured but not due (refer note 18)	(27)	(253)
	73,092	**229,183**

Analysis of borrowings

The details given below are gross of debt origination cost.

17.1.1 Repayment terms of borrowings

The table below summarises the details of the Company's borrowings based on contractual undiscounted payments.

	As of March 31, 2020						
	Interest rate (range)	Frequency of installments	Number of installments outstanding per facility (range)*	Within one year	Between one and two years	Between two and five years	Over five years
Vehicle loans	7.9% - 9.5%	Monthly	4 - 6	1	-	-	-
Term loans	8.2%	Monthly	2	13,000	-	-	-
	8% - 8.3%	Quarterly	4 - 11	9,436	13,536	8,092	-
	8% - 8.3%	Half yearly	2 - 6	6,806	43,075	39,543	-
	2% - 10%	One time	1	61,860	-	7,568	-
Non-convertible bonds	4.4%	One time	1	-	-	-	75,372

NOTES TO STANDALONE FINANCIAL STATEMENTS

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

17. Borrowings (Contd..)

	As of March 31, 2020						
	Interest rate (range)	Frequency of installments	Number of installments outstanding per facility (range)*	Within one year	Between one and two years	Between two and five years	Over five years
Liability component of a foreign currency convertible bond	1.5%	One time	1	-	-	77,688	-
Non-convertible debentures	8.3% - 8.4%	One time	1	15,000	15,000	-	-
Deferred payment liabilities	9.3% - 10%	Annual	2 - 10	-	-	22,308	411,185
Commercial papers	6.5%	One time	1	9,674	-	-	-
Bank Overdraft	7.9% - 8.5%	Payable on demand	NA	3,271	-	-	-
				119,048	**71,611**	**155,199**	**486,557**

	As of March 31, 2019						
	Interest rate (range)	Frequency of installments	Number of installments outstanding per facility (range)*	Within one year	Between one and two years	Between two and five years	Over five years
Vehicle loans	7.9% - 9.5%	Monthly	3 - 22	8	3	-	-
Term loans	0.7% - 4%	Half yearly	3 - 9	1,426	1,426	8,265	2,350
	0.9% - 4%	One time	1	-	7,063	14,765	-
	8.4%	Quarterly	13	5,336	5,336	9,328	-
	8.6%	Half yearly	2	-	14,000	-	-
	7.95% - 9.5%	One time	1	142,650	-	-	-
Non-convertible bonds	4.4%	One time	1	-	-	-	68,832
Non-convertible debentures	8.3% - 8.4%	One time	1	-	15,000	15,000	-
Deferred payment liabilities	9.3% - 10%	Annual	12 - 16	15,244	16,750	60,851	348,007
Commercial papers	7.7% - 8.5%	One time	1	86,411	-	-	-
Bank Overdraft	8.1% - 12.3%	On demand	NA	154	-	-	-
				251,229	**59,578**	**108,209**	**419,189**

*The instalments amount due are equal / equated per se.

17.1.2 Interest rate and currency of borrowings

	Weighted average rate of Interest	Total Borrowings	Floating Rate Borrowings	Fixed Rate Borrowings
INR	9.2%	664,058	171,800	492,258
USD	2.9%	160,496	15,297	145,199
March 31, 2020		**824,554**	**187,097**	**637,457**
INR	9.3%	734,078	161,054	573,024
USD	4.3%	89,228	20,396	68,832
EURO	0.9%	7,850	7,850	-
JPY	0.8%	7,049	7,049	-
March 31, 2019		**838,205**	**196,349**	**641,856**

NOTES TO STANDALONE FINANCIAL STATEMENTS

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

17. Borrowings (Contd..)

17.1.3 Unused lines of credit

The below table provides the details of un-drawn credit facilities that are available to the Company.

	As of March 31, 2020	As of March 31, 2019
Unsecured*	97,109	116,030

*Excludes non-fund based facilities

18. Financial liabilities - others

Non-current

	As of March 31, 2020	As of March 31, 2019
Payables against capital expenditure	6,069	15,198
Interest accured but not due	25,399	-
Lease rent equalisation	-	18,405
Others	1	64
	31,469	**33,667**

Current

	As of March 31, 2020	As of March 31, 2019
Payables against capital expenditure	76,898	69,576
Interest accrued but not due	4,734	29,221
Security deposits*	2,310	2,402
Employee payables	1,913	1,641
Payable against business / asset acquisitions@	4,104	4,104
Others#	853	3,344
	90,812	**110,288**

*It includes deposits received from subscriber / channel partners which are repayable on disconnection after adjusting the outstanding amount thereby, if any.
@Payable to Qualcomm Asia Pacific Pte. Limited of ₹ 4,104 towards purchase of balance equity shares upon satisfaction of certain conditions as per the share purchase agreement for acquisition and other acquisitions.
#It mainly includes refund payable to inactive customers and unclaimed liability.

19. Provisions

Non-current

	As of March 31, 2020	As of March 31, 2019
Asset retirement obligations#	603	530
Gratuity	1,239	1,280
Other employee benefit plans	77	117
	1,919	**1,927**

NOTES TO STANDALONE FINANCIAL STATEMENTS

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

19. Provisions (Contd..)

Current

	As of March 31, 2020	As of March 31, 2019
Gratuity	613	422
Other employee benefit plans	724	666
Sub-judice matters@	406,253	-
	407,590	**1,088**

Refer note 25 for movement of provisions towards various employee benefits.

#The movement of provisions towards asset retirement obligations is as below:

	For the year ended March 31, 2020
Opening balance	530
Net additions / (reversal)	72
Net interest costs	1
	603

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

@The movement of provisions towards sub-judice matters is as below (refer note 4(i)).

	For the year ended March 31, 2020
Opening*	**52,254**
Provision made during the year#	476,840
Payments^	(122,841)
	406,253

* In previous year, it was presented under other non-financial liabilities and trade payable.

It includes provision of ₹ 152,621 towards AGR pursuant to merger with TTSL/ TTML and provision of ₹ 29,522 towards AGR pertaining to Telenor. The Company has recognised an indemnification asset towards the said provisions (refer note 4(iv), (ix) and 10)

^ It includes payment to DoT of ₹ 2,550 towards AGR pertaining to Telenor.

20. Other liabilities

	As of March 31, 2020	As of March 31, 2019
Current		
Taxes payable*	27,412	22,074
Others	16	33
	27,428	**22,107**

*Taxes payable mainly pertains to GST and payable towards sub judice matters related to entry tax and entrainment tax.

NOTES TO STANDALONE FINANCIAL STATEMENTS

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

21. Trade payables

	As of March 31, 2020	As of March 31, 2019
Due to micro and small enterprises	122	31
Others*	192,356	191,214
	192,478	**191,245**

*It includes amount due to related parties (refer note 33) and payable towards sub judice matters.

Micro, small & medium enterprises development act, 2006 ('MSMED') disclosure

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

Sr No	Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
1	Principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year	122	31
2	Amount of interest paid by the buyer in terms of section 16 of the MSMED Act, 2006, along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year	192	117
3	Amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under MSMED Act, 2006	-	-
4	Amount of interest accrued and remaining unpaid at the end of each accounting year	-	0
5	Amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act, 2006	-	-

22. Contingent liabilities and commitments

a) Contingent liabilities

Claims against the Company not acknowledged as debt:

	As of March 31, 2020	As of March 31, 2019
(i) Taxes, duties and other demands (under adjudication / appeal / dispute)		
-Sales Tax, Service Tax and GST	8,343	8,032
-Income Tax	10,439	9,951
-Customs Duty	2,868	4,883
-Entertainment tax	848	848
-Entry Tax (refer note 22 (a)(e))	1,991	6,169
-Stamp Duty	404	404
-Municipal Taxes	121	121
-Department of Telecom ('DoT') demands	51,129	93,522
-Other miscellaneous demands	221	199
(ii) Claims under legal cases including arbitration matters		
-Access charges / Port charges	13,487	11,839
-Others	709	719
	90,560	**136,687**

Further, refer note f(iv) and f(v) below for other DoT matter

NOTES TO STANDALONE FINANCIAL STATEMENTS

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

22. Contingent liabilities and commitments (Contd..)

The category wise detail of the contingent liability has been given below:-

a) Sales tax, Service tax and GST

The claims for sales tax comprised of cases relating to the appropriateness of declarations made by the Company under relevant sales tax legislations which were primarily procedural in nature and the applicable sales tax on disposals of certain property and equipment items. Pending final decisions, the Company has deposited amounts under protest with statutory authorities for certain cases.

The service tax demands relate to cenvat claimed on tower and related material, levy of service tax on SIM cards and employee talk time, cenvat credit disallowed for procedural lapses and usage in excess of 20% limit.

The Goods and Service Tax (GST) demand relates to procedural compliance in regard to ewaybills.

b) Income Tax demand

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

c) Access charges / Port charges

i. Despite the interconnect usage charges ('IUC') rates being governed by the Regulations issued by Telecom Regulatory Authority of India ('TRAI'); BSNL had raised a demand for IUC at the rates contrary to the regulations issued by TRAI in 2009. Accordingly, the Company filed a petition against the demand with the TDSAT which allowed payments by the Company based on the existing regulations. The matter was then challenged by BSNL and is currently pending with the Hon'ble Supreme Court.

ii. The Hon'ble TDSAT allowed BSNL to recover distance based carriage charges. The private telecom operators have jointly filed an appeal against the said order and the matter is currently pending before the Hon'ble Supreme Court.

iii. BSNL challenged before TDSAT the port charges reduction contemplated by the regulations issued by TRAI in 2007 which passed its judgment in favour of BSNL. The said judgment has been challenged by the private operators in Hon'ble Supreme Court. Pending disposal of the said appeal, in the interim, private operators were allowed to continue paying BSNL as per the revised rates i.e. TRAI regulation issued in 2007, subject to the bank guarantee being provided for the disputed amount. The rates were further reduced by TRAI in 2012 which was challenged by BSNL before the Hon'ble Delhi High Court. The Hon'ble Delhi High Court, in the interim, without staying the rate revision, directed the private operators to secure the difference between TRAI regulation of 2007 and 2012 rates by way of bank guarantee pending final disposal of appeal.

d) Customs Duty

The custom authorities, in some states, demanded custom duty for the imports of special software on the ground that this would form part of the hardware on which it was pre-loaded at the time of import. The view of the Company is that such imports should not be subject to any custom duty as it is operating software exempt from any custom duty. In response to the application filed by the Company, the Hon'ble Central Excise and Service Tax Appellate Tribunal ('CESTAT') has passed an order in favour of the custom authorities. The Company has filed an appeal with Hon'ble Supreme Court against the CESTAT order.

e) Entry Tax

In certain states, an entry tax is levied on receipt of import from outside the state. This position has been challenged by the Company in the respective states, on the grounds that the specific entry tax is ultra vires the Constitution. Classification issues has also been raised, whereby, in view of the Company, the material proposed to be taxed is not covered under the specific category.

During the year ended March 31, 2017, the Hon'ble Supreme Court of India upheld the constitutional validity of entry tax levied by few States. However, Supreme Court did not conclude certain aspects such as present levies in each State is discriminatory in nature or not, leaving them open to be decided by regular benches of the Courts. During the year ended March 31, 2020, the Company has reassessed the position and accordingly recorded provision for part of contingent liability

f) DoT demands

i. DoT had enhanced the microwave rates by introducing slab-wise rates based on the number of carriers vide circulars issued in 2006 and 2008 from erstwhile basis being allocated frequency. The Company had challenged the matter in TDSAT and it has set aside the respective

NOTES TO STANDALONE FINANCIAL STATEMENTS

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

22. Contingent liabilities and commitments (Contd..)

circulars of DoT vide its Judgment dated April 22, 2010. Thereafter, DOT had challenged the order of TDSAT before the Hon'ble Supreme Court which is yet to be listed for hearing. Further, TDSAT pronounced its judgment in March 2019 in relation to Unified Licenses which provides for manner of determination of such levies and dates from which such levies can be made applicable. DoT had filed an appeal before the Supreme Court.

DoT and another telecom service provider have filed cross appeals before Supreme Court against the TDSAT judgment, wherein the Supreme Court has stayed the TDSAT Judgment and the appeals are pending.

ii. Demands for the contentious matters in respect of subscriber verification norms and regulations including validity of certain documents allowed as proof of address / identity.

iii. Penalty for alleged failure to meet certain procedural requirements for EMF radiation self-certification compliance.

The matters stated above are being contested by the Company and based on legal advice, the Company believes that it has complied with all license related regulations and does not expect any financial impact due to these matters.

iv. In respect of levy of one time spectrum charge ('OTSC'), the DoT has raised demand on the Company in January 2013. In the opinion of the Company, inter-alia, the above demand amounts to alteration of financial terms of the licenses issued in the past and therefore the Company filed a petition in the Hon'ble High Court of Bombay, which vide its order dated January 28, 2013, had directed the DoT to respond and not to take any coercive action until the next date of hearing. The DoT has filed its reply and this matter is currently pending with Hon'ble High Court of Bombay. The DoT revised demands on the Company aggregating ₹ 79,403 in June 2018, including a retrospective charge and a prospective charge till the expiry of the initial terms of the respective licenses. The said revised demand has subsequently also been brought within the ambit of the earlier order of no coercive action by the Hon'ble High Court of Bombay. The Company intends to continue to pursue its legal remedies.

Further, in a similar matter on a petition filed by another telecom service provider, the Hon'ble TDSAT, vide its order dated July 4, 2019, has set aside the DoT order for levy of OTSC with retrospective effect. Accordingly, as per the said order of the Hon'ble TDSAT; DoT can levy OTSC on the Spectrum beyond 6.2 MHz allotted after July 1, 2008, only from the date of allotment of such spectrum and in case of Spectrum beyond 6.2 MHz allocated before July 1, 2008, only prospectively i.e. w.e.f. January 1, 2013. Further, demand for OTSC on spectrum allotted beyond start-up and up-to the limit of 6.2 MHz has been set aside. The Hon'ble TDSAT has asked DoT to issue revise demands, if any, in terms of the above directions. The said telecom service provider filed an appeal in the Hon'ble Supreme Court of India against the Order of the TDSAT. On March 16, 2020, the Hon'ble Supreme Court dismissed the appeal of the telecom service providers and did not interfere with the TDSAT judgement. DoT's appeal against the said TDSAT Order for the levy on Spectrum below 6.2 MHz is pending. Accordingly, out of prudence, of the total demands of ₹ 79,403, the Company has recorded a charge of ₹ 17,915. Along with interest thereon of ₹ 37,990, the aggregate of ₹ 55,905 is disclosed as an exceptional item (refer note 30(g)).

v. DoT had issued notices to the Company (as well as other telecom service providers) to stop provision of 3G services to its customers (under 3G Intra Circle Roaming ('ICR') arrangements executed with other service providers) in such service areas where the service provider has not been allocated 3G spectrum, and levied a penalty of ₹ 3,500 million on the Company. The Company contested the notices before TDSAT, which in 2014 held 3G ICR arrangements between service providers to be competent and compliant to the licensing conditions and quashed the notice imposing penalty. The DoT has challenged the order of TDSAT before the Hon'ble Supreme Court which is yet to be listed for hearing.

vi. In August 2013, DoT issued guidelines for Grant of Unified License, by which it permitted the existing ISP License holders to continue with their existing licenses without migration, but mandated the licenses which are due for renewal to move to the new regime. The ISP Licence of the Company expired in March 2014 and therefore, it had to renew its license under Unified Licence regime, wherein DoT imposed the condition of levy of licence fee on the revenue earned from pure Internet services. The Company via an industry petition challenged the discriminatory stand of DoT, wherein the Tribunal vide its order dated October 13, 2015 stayed the payment with respect to Pure Internet Service, subject to submission of undertaking. The matter is pending for adjudication.

Meanwhile, in other similar petitions filed by ISP Associations and ISPs, the TDSAT, vide its judgment & orders dated October 18, 2019, December 12, 2019

NOTES TO STANDALONE FINANCIAL STATEMENTS

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

22. Contingent liabilities and commitments (Contd..)

and January 21, 2020, allowed the said petitions and set aside the decision to include revenue from pure internet service in the AGR for levy of license fee on the ISPs under UL regime, accordingly all the impugned demands of license fee were set aside with a direction to raise revised demands for licence fee on the basis of same concept of AGR as is being done in respect of ISPs holding licences under the old regime. Further, the ISPs are allowed to pay such revised demand forthwith after deducting payments, if any, made in the meantime towards licence fee by way of ad hoc payments as per understating.

The Company had made a provision of ₹ 16,931 until September 30, 2019 for the period from FY 2015-16 to FY 2019-20. Subsequently, basis the recent judgment and order the matter has now been assessed to be a contingent liability (refer note 30(i)(e)).

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

Guarantees:

Guarantees outstanding as of March 31, 2020 and March 31, 2019 amounting to ₹ 116,320 and ₹ 103,610 respectively have been issued by banks and financial institutions on behalf of the Company. These guarantees includes certain financial bank guarantees which have been given for subjudice matters / compliance with licensing requirements, the amount with respect to these have been disclosed under capital commitments, contingencies and liabilities, as applicable, in compliance with the applicable accounting standards.

b) Commitments

Capital commitments

The Company has contractual commitments towards capital expenditure (net of related advances) of

₹ 37,844 and ₹ 56,840 as of March 31, 2020 and March 31, 2019 respectively.

23. Revenue from operations

	For the year ended March 31, 2020	For the year ended March 31, 2019
Service revenue	542,978	495,875
Sale of products	193	185
	543,171	**496,060**

Disaggregation of Revenue

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

	For the year ended							
	Mobile Services		Airtel Business		Homes Services		Total	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
Geographical Markets								
India	419,366	376,613	56,926	51,909	21,818	21,758	498,110	450,280
Outside India	2,478	2,193	42,583	43,587	-	-	45,061	45,780
	421,844	**378,806**	**99,509**	**95,496**	**21,818**	**21,758**	**543,171**	**496,060**
Major Product/ Services lines								
Data and Voice Services	381,869	348,155	78,653	78,322	20,796	20,736	481,318	447,213
Others	39,975	30,651	20,856	17,174	1,022	1,022	61,853	48,847
	421,844	**378,806**	**99,509**	**95,496**	**21,818**	**21,758**	**543,171**	**496,060**
Timing of Revenue Recognition								
Products and services transferred at a point in time	312	401	197	187	22	39	531	627
Products and services transferred over time	421,532	378,405	99,312	95,309	21,796	21,719	542,640	495,433
	421,844	**378,806**	**99,509**	**95,496**	**21,818**	**21,758**	**543,171**	**496,060**

NOTES TO STANDALONE FINANCIAL STATEMENTS

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

23. Revenue from operations (Contd..)

Mobile Services: These services cover voice and data telecom services provided through wireless technology (2G / 3G / 4G) in India. This includes the captive national long distance networks which primarily provide connectivity to the mobile services business in India. This also includes intra-city fibre networks.

Airtel Business: These services cover end-to-end telecom solutions being provided to large Indian and global corporations by serving as a single point of contact for all telecommunication needs across data and voice (domestic as well as international long distance), network integration and managed services.

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

Contract Balances

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

	As of March 31, 2020	As of March 31, 2019
Unbilled Revenue (refer note 10)	12,608	12,072
Deferred Revenue	47,432	43,772

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

	For the year ended March 31, 2020	
	Unbilled Revenue	Deferred Revenue
Revenue recognised that was included in deferred revenue at the beginning of the year		26,802
Increases due to cash received, excluding amounts recognised as revenue during the year		30,462
Transfers from unbilled revenue recognised at the beginning of the year to receivables	12,072	

The Company has entered into an agreement with Universal Service Obligation Fund ('USOF') to provide mobile services in identified uncovered villages and seamless mobile coverage on the national highways in north-eastern region. The Company has recognised deferred income for front loaded subsidy (representing 50% of eligible USOF subsidy) on receipt of approved Proof of Concept (PoC) for a particular USOF site and for equated quarterly subsidy (representing remaining 50% of the eligible USOF subsidy receivable in twenty quarterly instalments) on quarterly basis. The deferred income is amortised over the period of contract entered with the government. The company has recognized Government grant of ₹ 164 during the year ended March 31, 2020.

Costs to obtain or fulfil a contract with a customer

The Company during the current year, has estimated that the historical average customer life is longer than 12 months and believes that its churn rate provides the best indicator of anticipated average customer life and, hence, started deferral of such costs prospectively. The financial impact of this change has resulted in increase of the Company's profits before tax by ₹ 7,945 for the year ended March 31, 2020.

	For the year ended March 31, 2020	For the year ended March 31, 2019
Costs to obtain a contract with the customer		
Opening balance	-	-
Costs incurred and deferred	9,206	-
Less: Cost amortized	1,261	-
Closing balance	**7,945**	**-**

NOTES TO STANDALONE FINANCIAL STATEMENTS

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

24. Network operating expenses

	For the year ended March 31, 2020	For the year ended March 31, 2019
Passive infrastructure charges	31,339	69,024
Power and fuel	61,657	55,560
Repair and maintenance	20,669	20,941
Internet bandwidth and leasedline charges	16,927	10,298
Others*	5,827	6,126
	136,419	**161,949**

*It includes charges towards managed services, installation, insurance and security.

25. Employee benefits expense

	For the year ended March 31, 2020	For the year ended March 31, 2019
Salaries and bonus	12,571	12,182
Contribution to provident and other funds	728	733
Staff welfare expenses	695	635
Defined benefit plan / other long-term benefits	581	448
Share based payment expense		
- Equity-settled plans	302	314
- Cash-settled plans	(22)	24
Others*	347	374
	15,202	**14,710**

*It mainly includes recruitment and training expenses.

25.1 Share-based payment plans

The following table provides an overview of all existing share option plans of the Company:

Scheme	Plan	Vesting period (years)	Contractual term (years)
Equity settled Plans			
Scheme I	2006 Plan	1 - 5	7
Scheme 2005	Long Term Incentive (LTI) Plan	1 - 3	7
Cash settled Plans			
Performance Unit Plan (PUP)	PUP 2013 - PUP 2015	1 - 4	3 - 5

The stock options vesting are subject to service and certain performance conditions mainly pertaining to certain financial parameters.

The movement in the number of stock options and the related weighted average exercise prices are as follows:

	For the year ended March 31, 2020		For the year ended March 31, 2019	
	Number of share options ('000)	Weighted average exercise price (₹)	Number of share options ('000)	Weighted average exercise price (₹)
2006 Plan				
Outstanding at beginning of year	65	5.00	115	5.00
Granted	30	-	-	-
Exercised	(8)	5.00	(50)	5.00

NOTES TO STANDALONE FINANCIAL STATEMENTS

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

25. Employee benefits expense (Contd..)

	For the year ended March 31, 2020		For the year ended March 31, 2019	
	Number of share options ('000)	Weighted average exercise price (₹)	Number of share options ('000)	Weighted average exercise price (₹)
Forfeited / expired	(57)	-	-	-
Outstanding at end of year	30	-	65	5.00
Exercisable at end of year	-	-	8	5.00
LTI Plans				
Outstanding at beginning of year	3,413	5.00	2,978	5.00
Granted	1,682	-	2,274	-
Exercised	(556)	5.00	(877)	5.00
Forfeited / expired	(1,343)	5.00	(963)	5.00
Outstanding at end of year	3,196	5.00	3,413	5.00
Exercisable at end of year	112	5.00	478	5.00
Performance Unit Plans				
Outstanding at beginning of year	135	-	398	-
Granted	-	-	-	-
Exercised	-	-	(200)	-
Forfeited / expired	(135)	-	(63)	-
Outstanding at end of year	-	-	135	-
Exercisable at end of year	-	-	-	-

The details of weighted average remaining contractual life, weighted average fair value and weighted average share price for the options are as follows:

Weighted average	March 31, 2020	March 31, 2019
Remaining contractual life for the options outstanding as of (years)	2.35 to 6.38	0.35 to 6.40
Fair value for the options granted during the year ended (₹)	338.18 to 409.73	338.18 to 409.73
Share price for the options exercised during the year ended (₹)	336.35 to 412.43	303.64 to 370.37

The carrying value of cash settled plans liability is ₹ Nil and ₹ 22 as of March 31, 2020 and March 31, 2019 respectively.

The fair value of options is measured using Black-Scholes valuation model. The key inputs used in the measurement of the grant date fair valuation of equity settled plans and fair value of cash settled plans are given in the table below:

	For the year ended March 31, 2020	For the year ended March 31, 2019
Risk free interest rates	5.92% to 6.42%	6.31% to 7.87%
Expected life	1 to 78 months	4 to 60 months
Volatility	36.27% to 36.38%	31.90% to 34.54%
Dividend yield	0.68% to 0.72%	0.74% to 0.75%
Wtd average exercise price (₹)	5	5

The expected life of the stock options is based on the Company's expectations and is not necessarily indicative of exercise patterns that may actually occur. The expected volatility reflects the assumption that the historical volatility over a period similar to the expected life of the options is indicative of future trends, which may not necessarily be the actual outcome. Further, the expected volatility is based on the weighted average volatility of the comparable benchmark companies.

NOTES TO STANDALONE FINANCIAL STATEMENTS

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

25. Employee benefits expense (Contd..)

25.2 Employee benefits

The details of significant employee benefits are as follows:

	For the year ended March 31, 2020		For the year ended March 31, 2019	
	Gratuity	Compensated absences	Gratuity	Compensated absences
Obligation:				
Balance as at beginning of the year	1,702	666	1,857	749
Current service cost	248	150	232	136
Interest cost	130	51	146	59
Benefits paid	(354)	(150)	(392)	(162)
Transfers	19	5	7	26
Remeasurements	108	2	(148)	(142)
Present value of obligation	**1,853**	**724**	**1,702**	**666**
Current portion	613	724	422	666
Non-current portion	1,240	-	1,280	-

As at March 31, 2020, expected contributions for the next annual reporting period is ₹ 382.

Amount recognised in other comprehensive income

	For the year ended March 31, 2020	For the year ended March 31, 2019
Experience losses/(gains)	2	(80)
Losses from change in demographic assumptions	3	35
Losses/ (gains) from change in financial assumptions	103	(103)
Remeasurements on liability	**108**	**(148)**

Due to its defined benefits 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 benefits 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 financial (per annum rates) and demographic assumptions used to determine defined benefits obligations are as follows:

	As of March 31, 2020	As of March 31, 2019
Discount rate	6.90%	7.65%
Rate of return on plan assets	N.A.	N.A.
Rate of salary increase	7.50%	7.00%
Rate of attrition	26% to 43%	14% to 27%
Retirement age	58	58

NOTES TO STANDALONE FINANCIAL STATEMENTS

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

25. Employee benefits expense (Contd..)

Sensitivity analysis

The Company regularly assesses these assumptions with the projected long-term plans and prevalent industry standards.

The impact of sensitivity due to changes in the significant actuarial assumptions on the defined benefits obligations is given in the table below:

	Change in assumption	As of March 31, 2020 Gratuity	As of March 31, 2019 Gratuity
Discount Rate	+1%	(50)	(72)
	-1%	54	79
Salary Growth Rate	+1%	53	79
	-1%	(51)	(73)

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

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

The table below summarises the maturity profile and duration of the gratuity liability:

	As of March 31, 2020	As of March 31, 2019
Within one year	613	422
Within one - three years	684	433
Within three - five years	417	350
Above five years	578	1,149
Weighted average duration (in years)	2.92	5.27

26. Sales and marketing expenses

	For the year ended March 31, 2020	For the year ended March 31, 2019
Sales commission and distribution	9,820	16,551
Advertisement and marketing	4,791	5,374
Business promotion	1,313	1,924
Other ancillary expenses	2,256	2,117
	18,180	**25,966**

27. Other expenses

	For the year ended March 31, 2020	For the year ended March 31, 2019
Content costs	5,890	7,492
Customer care expenses	4,688	5,271
IT expenses	5,688	5,936
Collection and recovery expenses	1,181	1,339
Legal and professional fees^	948	794
Allowance for doubtful debts	4,088	(14,697)
Travelling and conveyance	892	927

NOTES TO STANDALONE FINANCIAL STATEMENTS

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

27. Other expenses (Contd..)

	For the year ended March 31, 2020	For the year ended March 31, 2019
Bad debts written off	315	23,226
Cost of good sold	114	141
Charity and donation*	318	496
Others#	3,492	6,489
	27,614	**37,414**

* As per the requirements of section 135 of the Companies Act, 2013, the Company was required to spend an amount of ₹ Nil and ₹ 1,118 for the year ended March 31, 2020 and 2019 on corporate social responsibility expenditure. During the year ended March 31, 2020 and 2019, the Company has spent in cash an amount of ₹ 316 and ₹ 458 towards education and sanitation respectively.

#It includes rent, printing and stationary, security, repairs and maintenance expenses etc. Further, it includes political contributions amounting to ₹ 273 and ₹ 412 made under Section 182 of the Companies Act, 2013 during the year ended March 31, 2020 and 2019 respectively.

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

	For the year ended March 31, 2020	For the year ended March 31, 2019
Audit fee	71	66
Reimbursement of expenses	5	5
Other services (including certification)#	20	23
	96	**94**

#Professional services fee relating to issuance of FCCB and QIP amounting ₹ 22.5 has been netted off from equity as part of transaction costs incurred relating to issuance and, hence, is not included in above.

28. Depreciation and amortisation expense

	For the year ended March 31, 2020	For the year ended March 31, 2019
Depreciation (including on ROU)	147,528	95,442
Amortisation	56,393	55,760
	203,921	**151,202**

29. Finance costs and income

	For the year ended March 31, 2020	For the year ended March 31, 2019
Finance costs		
Interest expense	60,959	64,384
Interest expense - Finance lease	25,099	-
Net exchange loss	15,513	5,790
Other finance charges*	13,060	8,303
	114,631	**78,477**
Finance income		
Dividend income	8,631	20,014
Interest income	2,390	3,152
Net gain on FVTPL investments	4,462	476
Net exchange gain	-	94
Net gain on derivative financial instruments	3,810	73
	19,293	**23,809**

*It includes bank charges, trade finance charges, charges relating to derivative instruments and interest charges towards sub judice matters.

NOTES TO STANDALONE FINANCIAL STATEMENTS

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

30. Exceptional items

Exceptional items comprise of the following:

(i) For year ended March 31, 2020:

a) Charge on account of license fee and spectrum usage charges aggregating ₹ 284,978 (refer note 4(i)).

b) Charge of ₹ 10,354 towards accelerated depreciation on 3G network equipment / operating costs on network re-farming and up-gradation program (refer note 5).

c) Net charge of ₹ 1,361 due to adjustments towards certain indemnity assets pertaining to a past transaction.

d) Provision for diminution in value ₹ 62,978 against the equity investment in one of the subsidiaries (refer note 7).

e) Gain of ₹ 15,540 pertaining to re-assessment of levies based on a recent judgement (refer note (22(f)(vi)).

f) Charge of ₹ 15,382 on account of rates and taxes, largely paid under protest in earlier years, arising from a detailed management review in light of High Court judgements in multiple states.

g) Charge of ₹ 55,905 on account of re-assessment of regulatory cost based on a recent judgement on OTSC related matter (refer note 22(f)(iv)).

(ii) For the year ended March 31, 2019:

a) Charge of ₹ 3,422 towards accelerated depreciation / operating costs on network re-farming and up-gradation program (refer note 5).

b) Credit of ₹ 32,955 mainly due to re-assessment of levies, based on a recent pronouncement related to the manner of determination of such levies.

c) Charge of ₹ 1,368 mainly due to levies and taxes pertaining to internal restructuring.

Tax credit includes benefit, net of reversal of tax credit of ₹ 12,357, due to above exceptional item aggregating ₹ 110,323 and net charge of ₹ 9,842 for the year ended Mar 31, 2020 and 2019 respectively.

31. Earnings per share ('EPS')

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

	As of March 31, 2020	As of March 31, 2019
Weighted average shares outstanding ('000) for basic / diluted EPS	5,077,454	4,286,117
Loss for the year	(360,882)	(18,692)

During the year ended March 31, 2020, the Company has issued foreign currency convertible bonds, however, the same has not been included in the calculation of diluted earnings per share for year ended March 31, 2020 because they are anti-dilutive. Refer note 17 for terms of the bonds.

32. Segment reporting

The Company publishes these financial statements along with the consolidated financial statements. In accordance with Ind AS 108, 'Operating Segments', the Company has disclosed the segment information only in the consolidated financial statements.

33. Related party disclosures

(a) List of related parties

Subsidiaries

- Indian

Bharti Airtel Services Limited
Bharti Hexacom Limited
Bharti Infratel Limited

NOTES TO STANDALONE FINANCIAL STATEMENTS

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

33. Related party disclosures (Contd..)

Bharti Telemedia Limited
Indo Teleports Limited
Nxtra Data Limited
Nettle Infrastructure Investments Limited
Smartx Services Limited
Telesonic Networks Limited
Airtel Digital Limited (formerly known as Wynk Limited)
Airtel International LLP

- Foreign

Africa Towers N.V.
Airtel Africa plc
Airtel Africa Mauritius Limited
Airtel (Seychelles) Limited
Airtel Congo (RDC) S.A.
Airtel Congo S.A.
Airtel Gabon S.A.
Gabon Towers S.A. #
Airtel Madagascar S.A.
Airtel Malawi plc
Airtel Mobile Commerce (Kenya) Limited
Airtel Mobile Commerce (Seychelles) Limited
Airtel Mobile Commerce (Tanzania) Limited
Airtel Mobile Commerce B.V.
Airtel Mobile Commerce Holdings B.V.
Airtel Mobile Commerce Limited
Airtel Mobile Commerce Madagascar S.A.
Airtel Mobile Commerce (Rwanda) Limited
Airtel Mobile Commerce Tchad S.a.r.l.
Airtel Mobile Commerce Uganda Limited
Airtel Mobile Commerce Zambia Limited
Airtel Money (RDC) S.A.
Airtel Money Niger S.A.
Airtel Money S.A.
Airtel Money Transfer Limited
Airtel Money Tanzania Limited
Airtel Mobile Commerce Congo B.V.
Airtel Mobile Commerce (Seychelles) B.V.
Airtel Mobile Commerce Madagascar B.V.
Airtel Mobile Commerce Kenya B.V.
Airtel Mobile Commerce Rwanda B.V.
Airtel Mobile Commerce Malawi B.V.
Airtel Mobile Commerce Uganda B.V.
Airtel Mobile Commerce Tchad B.V.
Airtel Mobile Commerce Zambia B.V.
Airtel Mobile Commerce Nigeria Limited
Airtel Mobile Commerce Nigeria B.V.
Airtel Networks Kenya Limited
Airtel Networks Limited
Airtel Networks Zambia plc
Airtel Rwanda Limited
Airtel Tanzania plc

NOTES TO STANDALONE FINANCIAL STATEMENTS

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

33. Related party disclosures (Contd..)

Airtel Tchad S.A.
Airtel Uganda Limited
Bharti Airtel (France) SAS
Bharti Airtel (Hong Kong) Limited
Bharti Airtel (Japan) Private Limited
Bharti Airtel (UK) Limited
Bharti Airtel (USA) Limited
Network I2I (Kenya) Limited (incorporated w.e.f. July 3, 2019)
Bharti Airtel Africa B.V.
Bharti Airtel Chad Holdings B.V.
Bharti Airtel Congo Holdings B.V.
Bharti Airtel Developers Forum Limited
Bharti Airtel Gabon Holdings B.V.
Bharti Airtel International (Mauritius) Limited
Bharti Airtel International (Mauritius) Investments Limited
Bharti Airtel International (Netherlands) B.V.
Bharti Airtel Kenya B.V.
Bharti Airtel Kenya Holdings B.V.
Bharti Airtel Lanka (Private) Limited
Bharti Airtel Madagascar Holdings B.V.
Bharti Airtel Malawi Holdings B.V.
Bharti Airtel Mali Holdings B.V.
Bharti Airtel Niger Holdings B.V.
Bharti Airtel Nigeria B.V.
Bharti Airtel Nigeria Holdings II B.V.
Bharti Airtel RDC Holdings B.V.
Bharti Airtel Rwanda Holdings Limited
Bharti Airtel Services B.V.
Bharti Airtel Tanzania B.V.
Bharti Airtel Uganda Holdings B.V.
Bharti Airtel Zambia Holdings B.V.
Bharti International (Singapore) Pte. Ltd
Bharti Airtel Overseas (Mauritius) Limited
Bharti Airtel Holding (Mauritius) Limited
Celtel (Mauritius) Holdings Limited
Celtel Niger S.A.
Channel Sea Management Company (Mauritius) Limited
Congo RDC Towers S.A.
Indian Ocean Telecom Limited
Madagascar Towers S.A.
Malawi Towers Limited
Mobile Commerce Congo S.A.
Montana International
Network i2i Limited
Partnership Investments S.a.r.l.
Société Malgache de Téléphone Cellulaire S.A.
Tanzania Towers Limited

Ultimate controlling entity

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

NOTES TO STANDALONE FINANCIAL STATEMENTS

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

33. Related party disclosures (Contd..)

Entity having control over the Company

- Indian

Bharti Telecom Limited

Entities having significant influence over the Company

- Foreign

Singapore Telecommunications Limited
Pastel Limited

Associates

- Indian

Airtel Payments Bank Limited
Seynse Technologies Private Limited
Juggernaut Books Private Limited

- Foreign

Seychelles Cable Systems Company Limited
Robi Axiata Limited
RedDot Digital Limited (Subsidiary of Robi Axiata Limited) (Incorporated on 5 November 2019)

Joint Ventures

- Indian

Indus Towers Limited
FireFly Networks Limited

- Foreign

Bridge Mobile Pte Limited
Bharti Airtel Ghana Holdings B.V
Airtel Ghana Limited
Airtel Mobile Commerce (Ghana) Limited
Millicom Ghana Company Limited (under liquidation)

Other entities with whom transactions have taken place during the reporting periods

a. Fellow companies (subsidiaries / joint ventures / associates other than that of the Company)

Subsidiaries

Bharti Enterprises Limited (formerly known as Bharti Ventures Limited)
Bharti Axa General Insurance Company Limited
Bharti Axa Life Insurance Company Limited

Associates

- Indian

Bharti Life Ventures Private Limited
Bharti General Ventures Private Limited (formerly known as Bharti General Private Limited)

Others related parties *

Entities where Key Management Personnel and their relatives exercise significant influence

Bharti Foundation
Satya Bharti Foundation
Bharti Airtel Employees Welfare Trust
Hike Private Limited

NOTES TO STANDALONE FINANCIAL STATEMENTS

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

33. Related party disclosures (Contd..)

Others

Brightstar Telecommunication India Limited
Bharti Realty Holdings Limited (merged with Bharti Realty Limited w.e.f. 4 December 2019)
Bharti Land Limited
Bharti Realty Limited
Deber Technologies Private Limited
Hike Messenger Limited
Centum Learning Limited
Fieldfresh Foods Private Limited
Jersey Airtel Limited
Nile Tech Limited (merged with Bharti Realty Limited w.e.f. 4 December 2019)
Centum Workskills India Limited
Oak Infrastructure Developers Limited
Gourmet Investments Private Limited
Indian School of Business
Century Metal Recycling Private Limited
Guernsey Airtel Limited

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

Key Management Personnel ('KMP')

Sunil Bharti Mittal
Gopal Vittal

Under liquidation

NOTES TO STANDALONE FINANCIAL STATEMENTS

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

33. Related party disclosures (Contd..)

The transactions with related parties (other than with KMPs which are disclosed in note 33(d)) for the years ended March 31, 2020 and 2019 respectively, are described below:

(b) The summary of transactions with the above mentioned parties is as follows:

	For the year ended March 31, 2020					For the year ended March 31, 2019				
	Subsidiaries	Joint ventures	Associates	Entitys having significant influence	Other related parties#	Subsidiaries	Joint Ventures	Associates	Entitys having significant influence	Other related parties#
Purchase of fixed assets/ bandwidth	7,164	-	-	-	1,250	6,530	294	-	-	817
Sale of fixed assets/ IRU given	56,302	-	-	-	-	6,302	-	-	-	-
Investments	-	-	4,406	-	-	2,382	-	-	-	-
Sale of Investments	50,562	-	-	-	-	115,591	-	-	-	-
Rendering of Services	37,749	54	266	695	135	36,166	79	102	940	132
Receiving of services	58,498	14,694	326	225	707	70,711	41,247	263	212	2,844
Fund transferred/Expenses incurred on behalf of others	2,279	8	249	-	18	2,105	4	148	0	3
Fund received/Expenses incurred on behalf of the Company	92	1	21	-	135	418	-	2	-	119
Donation	-	-	-	-	300	-	-	-	-	392
Security deposit given/Advances paid	21	-	-	-	33	26	154	-	-	139
Security deposit taken	-	-	-	-	-	-	-	-	-	-
Refund of Security deposit taken	-	-	-	-	-	520	-	-	-	-
Advance received/Refund of Security deposit given	1,513	4,296	-	-	-	731	-	-	-	-
Loans given	69,714	-	-	-	497	120,589	-	-	-	248
Repayment of Loans given	32,867	-	-	-	262	31,795	-	-	-	335
Interest charged by others	111	43	-	-	-	51	11	-	-	-
Interest charged by the company	1,356	0	-	-	-	-	-	-	-	-
Reimbursement of energy expenses	15,873	31,391	-	-	1	16,601	23,075	-	-	1
Reimbursement of Energy expenses charged to related party	3,689	-	-	-	-	-	-	-	-	-
Receiving of assets (ROU)*	144,823	14,551	-	-	-	-	-	-	-	-
Guarantees and collaterals given (Including performance guarantees)	(3,661)	-	-	-	-	135,293	-	-	-	-
Dividend Paid	-	-	-	-	-	-	-	-	13,013	414
Dividend Income	8,630	-	-	-	-	20,014	-	-	-	-

Other related parties / fellow companies

* Amount disclosed is net of termination

NOTES TO STANDALONE FINANCIAL STATEMENTS

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

33. Related party disclosures (Contd..)

The significant related party transactions are summarised below:

	For the year ended March 31, 2020	For the year ended March 31, 2019
(i) Transfer of business		
Subsidiaries		
Telesonic Networks Limited	51,140	-
Network i2i Limited	4,658	-
(ii) Purchase of fixed assets		
Subsidiaries		
Bharti Hexacom Limited	1,867	-
Telesonic Networks Limited	4,553	5,686
(iii) Rendering of services		
Subsidiaries		
Bharti Hexacom Limited	16,417	18,042
Bharti Airtel (UK) Ltd.	17,097	13,714
(iv) Receiving of services		
Subsidiaries		
Bharti Hexacom Limited	6,208	6,628
Bharti Infratel Limited#	9,368	23,151
Bharti Airtel (UK) Limited	19,436	16,134
Telesonic Networks Limited	1,639	4,685
Nxtra Data Limited	10,809	7,833
Airtel Digital Limited (formerly known as Wynk Limited)	5,159	6,348
Joint venture		
Indus Towers Limited#	14,567	41,133
(v) Reimbursement of energy expenses paid		
Subsidiary		
Bharti Infratel Limited	15,860	16,601
Joint Venture		
Indus Towers Limited	31,391	23,075
(vi) Reimbursement of energy expenses received		
Nxtra Data Limited	3,689	-
(vii) Fund transferred / expenses incurred on behalf of others		
Subsidiary		
Bharti Hexacom Limited	921	841
(viii) Loans given		
Subsidiaries		
Nettle Infrastructure Investments Limited	161	100,828
Bharti Airtel Services Limited	5,062	6,398
Nxtra Data Limited	13,168	6,731
Airtel Digital Limited (formerly known as Wynk Limited)	5,370	6,089
Network i2i Limited	45,701	-
(ix) Repayment of loans given		
Subsidiaries		
Bharti Airtel Services Limited	4,130	6,054
Nettel Infrastructure Investments Limited	5,132	17,504
Nxtra Data Limited	17,775	2,403
Airtel Digital Limited (formerly known as Wynk Limited)	5,390	5,447
(x) Sale of investment		
Subsidiaries		
Bharti Infratel Limited	50,562	113,594
Bharti Airtel (USA) Limited	-	1,997

NOTES TO STANDALONE FINANCIAL STATEMENTS

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

33. Related party disclosures (Contd..)

	For the year ended March 31, 2020	For the year ended March 31, 2019
(xi) Dividend income		
Subsidiaries		
Bharti Infratel Limited	8,630	20,014
(xii) Dividend paid		
Entities having control over the Company / entities having significant influence over the Company		
Bharti Telecom Limited	-	10,014
Pastel Limited	-	2,957
(xiii) Guarantees and collaterals given		
Subsidiary		
Network i2i Limited	12,610	135,163
(xiv) Receiving of assets (ROU)*#		
Subsidiaries		
Telesonic Networks Limited	140,385	-
Joint venture		
Indus Towers Limited	14,551	-

Amount does not include GST

* Amount disclosed is net of termination

(c) The outstanding balances of the above mentioned related parties are as follows:

	Subsidiaries	Joint ventures	Associates	Entitys having significant influence	ORP / FC#
As of March 31, 2020					
Trade Payables	(9,368)	(13,520)	(10)	0	(170)
Trade Receivables	56,495	0	1,242	51	50
Loans (including accrued interest)	188,490	8	0	0	773
Security Deposit	513	1,079	0	0	1,116
Guarantees and collaterals given (Including performance guarantees)	708,625	0	0	0	0
Unutilized facilities	152,133	0	0	0	0
Lease Liability@	(184,710)	(91,135)	0	0	(7,651)
As of March 31, 2019					
Trade Payables	(11,410)	(19,466)	(52)	(33)	(190)
Trade Receivables	8,026	0	358	0	43
Loans (including accrued interest)	151,437	8	0	0	538
Security Deposit	1,932	4,388	0	0	1,083
Guarantees and collaterals given (Including performance guarantees)	712,286	0	0	0	0
Unutilized facilities	109,914	0	0	0	0

Other related parties / fellow companies

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

@ It include discounted value of future cash payouts.

The Company has agreed to ensure appropriate financial support only if and to the extent required by its subsidiaries (namely, Bharti Hexacom Limited, Bharti Airtel Services Limited, Indo Teleports Limited, Nxtra Data Limited, Airtel Digital Limited (formerly known as Wynk Limited), Nettle Infrastructure Investments Limited, Bharti Airtel Lanka (Private) Limited, Bharti International (Singapore) Pte Limited, Airtel Africa plc) and associate Airtel Payment Bank Limited.

NOTES TO STANDALONE FINANCIAL STATEMENTS

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

33. Related party disclosures (Contd..)

(d) Transactions and balances with KMPs

KMP are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any director, whether executive or otherwise. Remuneration to key management personnel were as follows:

	For the year ended March 31, 2020	For the year ended March 31, 2019
Short-Term employee benefits	269	273
Performance linked Incentive ('PLI')#	163	144
Post-employment benefit	29	28
Share-based payment	33	56
	494	**501**

Value of PLI considered above represents incentive at 100% performance level and a one-time special performance incentive of ₹ 16 for the financial year 2019-20. The balance PLI is paid in the next year on the basis of actual performance parameters. During the year ended March 31, 2020 and 2019, PLI of ₹ 166 and ₹ 150 respectively has been paid. As at March 31, 2020, an amount of ₹ 6 was recoverable from one of the KMPs, which has been since recovered.

As the liabilities for the gratuity and compensated absences are provided on an actuarial basis and calculated for the Company as a whole rather than each of the individual employees, the said liabilities pertaining specifically to KMP are not known and hence, not included in the above table.

In addition to above, ₹ Nil and ₹ 2 have been paid as dividend to key management personnel during the year ended March 31, 2020 and March 31, 2019 respectively.

(e) The details of loans and advances as required by schedule V of SEBI (listing obligation and disclosure requirement Regulation, 2015 are given in the table below.

	March 31, 2020		March 31, 2019	
	Outstanding balance	Maximum amount outstanding during the year	Outstanding balance	Maximum amount outstanding during the year
Subsidiaries				
Bharti Telemedia Limited	-	-	200	200
Indo Teleports Limited	560	649	649	736
Nxtra Data Limited	3,661	9,297	8,268	8,451
Bharti Airtel Services limited	2,596	2,707	1,664	2,052
Airtel Digital Limited (formerly known as Wynk Limited)	655	894	675	898
Nettle Infrastructure Investment Limited	135,010	139,981	139,981	139,981
Network i2i Limited	45,908	45,908	-	-
Telesonic Network Limited	100	100	-	-
Joint Venture				
FireFly Networks Limited	8	8	8	8
	188,498	**199,544**	**151,445**	**152,326**

NOTES TO STANDALONE FINANCIAL STATEMENTS

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

34. Leases

Impact of adoption of Ind AS 116 where the Company is a lessee

The adoption of the said change in accounting policy affected the following items in the balance sheet on April 1, 2019:

	As of March 31, 2019
Property, plant and equipment (including CWIP amounting to ₹ 88)	(1,040)
Right-of-use assets	180,655
Other intangile assets	(24,693)
Intangible assets under development	(2,702)
Deferred tax assets (net)	10,405
Other non-current assets	11,815
Lease liabilities	(212,933)
Other non-current liabilities	18,405
Decrease in equity	**(20,088)**

Impact of adoption of Ind AS 116 where the Company is a lessor

The Company did not have any material impact due to transition to Ind AS 116.

Company as a lessee

ROU

The following table presents the reconciliation of changes in the carrying value of ROU assets for the year ended March 31, 2020:

	Bandwidth	Plant and equipment	Building	Leasehold land	Total
Balance at April 1, 2019	15,581	140,737	12,846	11,491	180,655
Additions	146,323	40,798	297	6,479	193,897
Acquisition through business combination@	19,007	-	235	15	19,257
Depreciation charge for the year	(7,559)	(28,775)	(2,453)	(2,373)	(41,160)
Disposals / adjustments	441	(6,583)	(14)	(1,465)	(7,621)
Balance at March 31, 2020	**173,793**	**146,177**	**10,911**	**14,147**	**345,028**

@ Refer note 4(iv)

- Bandwidth

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

- Plant and equipment

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

- Building

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

- Leasehold land

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

NOTES TO STANDALONE FINANCIAL STATEMENTS

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

34. Leases (Contd..)

Amounts recognised in profit or loss

Leases under Ind AS 116	For the year ended March 31, 2020
Interest on lease liabilities	25,099
Expenses relating to short-term leases	95
Expenses relating to leases of low value assets, excluding short term leases of low value assets	137

Amounts recognised in statement of cash flows

Leases under Ind AS 116	For the year ended March 31, 2020
Total Cash outflow for leases	43,126

Termination options

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

The reconciliation of operating lease commitments disclosed as at March 31, 2019 to lease liabilities recognised as at April 1, 2019 is given below.

Operating lease commitment at March 31, 2019	**449,636**
Discounted using the incremental borrowing rate at April 1, 2019	369,327
Non-lease component	(156,301)
Short term leases	(93)
Lease liabilities recognised at April 1, 2019	**212,933**

When measuring lease liabilities for leases that were classified as operating leases, the Company discounted lease payments using its incremental borrowing rate at 1 April 2019. The weighted-average pre-tax rate applied is 8.3%.

The Company has made use of the following practical expedients available on transition to Ind AS 116: (a) used a single discount rate to a portfolio of leases of similar assets in similar economic environment, (b) not recognised ROU assets and lease liabilities for leases with less than twelve months of remaining lease term and low-value assets on the date of initial application, (c) relied on previous assessments that none of the leases were onerous and concluded that there is no need for impairment review and (d) used hindsight in determining the lease term where the contracts contained options to extend or terminate the lease.

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

Leases under Ind AS 116	As of March 31, 2020
Not later than one year	84,493
Later than one year but not later than five years	204,354
Later than five years	280,629

NOTES TO STANDALONE FINANCIAL STATEMENTS

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

34. Leases (Contd..)

Company as a lessor- operating lease

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

Amounts recognised in profit or loss

Leases under Ind AS 116	For the year ended March 31, 2020
Not later than one year	235

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

Operating leases under Ind AS 116	As of March 31, 2019
Less than one year	242
One to two years	247
Two to three years	252
Three to four years	194
Four to five years	7
More than five years	3
	945

Operating leases	As of March 31, 2019
Less than one year	237
Later than one year but not later than five years	932
More than five years	8
	1,177

Company has entered into non–cancellable lease arrangements to provide dark fiber on indefeasible right of use ('IRU') basis and tower assets on site-sharing basis. Due to the nature of these transactions, it is not possible to compute gross carrying amount, depreciation for the year and accumulated depreciation of the asset given on operating lease as of March 31, 2020 and March 31, 2019 and accordingly, the related disclosures are not provided.

35. Financial and capital risk

1. Financial risk

The business activities of the Company expose it to a variety of financial risks, namely market risks (that is, foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. The Company's risk management strategies focus on the un-predictability of these elements and seek to minimise the potential adverse effects on its financial performance. Further, the Company uses certain derivative financial instruments to mitigate some of these risk exposures (as discussed below in this note).

NOTES TO STANDALONE FINANCIAL STATEMENTS

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

35. Financial and capital risk (Contd..)

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

i. Foreign currency risk

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

The foreign exchange risk management policy of the Company requires it to manage the foreign exchange risk by transacting as far as possible in the functional currency. Moreover, the Company monitors the movements in currencies in which the borrowings / capex vendors are payable and manage any related foreign exchange risk, which inter-alia include entering into foreign exchange derivative contracts - as considered appropriate and whenever necessary. For further details as to foreign currency borrowings, refer note 17. Further, for the details as to the fair value of various outstanding derivative financial instruments, refer note 37.

Foreign currency sensitivity

The impact of foreign exchange sensitivity on profit for the year and other comprehensive income is given in the table below:

	Change in currency exchange rate	Effect on profit before tax	Effect on equity (OCI)
For the year ended March 31, 2020			
US Dollars	+5%	(8,791)	-
	-5%	8,791	-
Others	+5%	72	-
	-5%	(72)	-
For the year ended March 31, 2019			
US Dollars	+5%	(4,555)	-
	-5%	4,555	-
Others	+5%	(703)	-
	-5%	703	-

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

The above sensitivity analysis is based on a reasonably possible change in the under-lying foreign currency against the respective functional currency while assuming all other variables to be constant.

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

ii. Interest rate risk

As the Company does not have exposure to any floating-interest bearing assets, or any significant long-term fixed-interest bearing assets, its interest income and related cash inflows are not affected by changes in market interest rates. Consequently, the Company's interest rate risk arises mainly from borrowings.

NOTES TO STANDALONE FINANCIAL STATEMENTS

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

35. Financial and capital risk (Contd..)

Borrowings

Borrowings with floating and fixed interest rates expose the Company to cash flow and fair value interest rate risk respectively. However, the short-term borrowings of the Company do not have a significant fair value or cash flow interest rate risk due to their short tenure. Accordingly, the components of the debt portfolio are determined by the CSM in a manner which enables the Company to achieve an optimum debt-mix basis its overall objectives and future market expectations.

The Company monitors the interest rate movement and manages the interest rate risk based on its risk management policies, which inter-alia include entering into interest swaps contracts - as considered appropriate and whenever necessary.

Interest rate sensitivity of borrowings

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

Interest rate sensitivity	Increase / decrease (basis points)	Effect on profit before tax
For the year ended March 31, 2020		
INR - borrowings	+100	(1,718)
	-100	1,718
US Dollar - borrowings	+25	(38)
	-25	38
For the year ended March 31, 2019		
INR - borrowings	+100	(1,611)
	-100	1,611
US Dollar - borrowings	+25	(51)
	-25	51
Other Currency - borrowings	+25	(37)
	-25	37

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

The above sensitivity analysis is based on a reasonably possible change in the under-lying interest rate of the Company's borrowings in INR, USD (being the significant currencies in which it has borrowed funds), while assuming all other variables (in particular foreign currency rates) to be constant.

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

iii. Price risk

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

iv. Credit risk

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

The Company is exposed to credit risk mainly with respect to trade receivables, investment in bank deposits / debt securities / mutual funds and derivative financial instruments.

NOTES TO STANDALONE FINANCIAL STATEMENTS

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

35. Financial and capital risk (Contd..)

Trade receivables

The Trade receivables of the Company are typically non-interest bearing un-secured and derived from sales made to a large number of independent customers. As the customer base is widely distributed both economically and geographically, there is no concentration of credit risk.

As there is no independent credit rating of the customers available with the Company, the management reviews the credit-worthiness of its customers based on their financial position, past experience and other factors. The credit risk related to the trade receivables is managed / mitigated by each business unit, basis the Company's established policy and procedures, by setting appropriate payment terms and credit period, and by setting and monitoring internal limits on exposure to individual customers. The credit period provided by the Company to its customers generally ranges from 14-30 days except Airtel business segment wherein it ranges from 7-90 days.

The Company uses a provision matrix to measure the expected credit loss of trade receivables, which comprise a very large numbers of small balances. Refer note 13 for details on the impairment of trade receivables. Based on the industry practices and the business environment in which the entity operates, management considers that the trade receivables are credit impaired if the payments are more than 90 days past due.

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

	Neither past due nor impaired	Past due but not impaired				Total
		Less Than 30 days	30 to 60 days	60 to 90 days	Above 90 days	
March 31, 2020	15,190	9,246	3,827	4,323	5,514	38,100
March 31, 2019	14,605	10,154	3,727	3,504	6,413	38,403

The Company performs on-going credit evaluations of its customers' financial condition and monitors the credit-worthiness of its customers to which it grants credit in its ordinary course of business. The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amount due. Where the financial asset has been written-off, the Company continues to engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in the statement of profit and loss.

Financial instruments and cash deposits

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

v. Liquidity risk

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

Moreover, the Company's senior management regularly monitors the rolling forecasts of the entities' liquidity reserve (comprising of the amount of available un-drawn credit facilities and cash and cash equivalents) and the related

NOTES TO STANDALONE FINANCIAL STATEMENTS

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

35. Financial and capital risk (Contd..)

requirements, to ensure they have sufficient cash on an on-going basis to meet operational needs while maintaining sufficient headroom at all times on its available un-drawn committed credit facilities, so that there is no breach of borrowing limits or relevant covenants on any of its borrowings. For details as to the Borrowings, refer note 17.

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

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

	As of March 31, 2020						
	Carrying amount	On Demand	Less than 6 months	6 to 12 months	1 to 2 years	> 2 years	Total
Interest bearing borrowings*#	853,765	3,271	79,011	52,220	83,836	1,127,805	1,346,143
Other financial liabilities*	92,148	6,413	45,218	34,445	5,045	1,027	92,148
Trade payables#	192,478	-	192,478	-	-	-	192,478
Lease Liabilities	364,373	-	36,696	47,797	72,018	412,965	569,476
Financial liabilities (excluding derivatives)	**1,502,764**	**9,684**	**353,403**	**134,462**	**160,899**	**1,541,797**	**2,200,245**
Derivative assets	1,936	-	1,417	480	-	39	1,936
Derivative liabilities	(35)	-	(13)	(22)	-	-	(35)
Net derivatives	**1,901**	**-**	**1,404**	**458**	**-**	**39**	**1,901**

	As of March 31, 2019						
	Carrying amount	On Demand	Less than 6 months	6 to 12 months	1 to 2 years	> 2 years	Total
Interest bearing borrowings*#	866,746	154	245,697	92,407	108,502	863,206	1,309,966
Other financial liabilities*	114,734	2,402	68,801	9,461	14,125	19,945	114,734
Trade payables#	191,245	-	191,245	-	-	-	191,245
Lease Liabilities	374	-	292	88			380
Financial liabilities (excluding derivatives)	**1,173,099**	**2,556**	**506,035**	**101,956**	**122,627**	**883,151**	**1,616,325**
Derivative assets	72	-	50	17	4	1	72
Derivative liabilities	(1,775)	-	(1,189)	(265)	(149)	(172)	(1,775)
Net derivatives	**(1,703)**	**-**	**(1,139)**	**(248)**	**(145)**	**(171)**	**(1,703)**

*It includes contractual interest payment based on interest rate prevailing at the end of the reporting period after adjustment for the impact of interest swaps, over the tenor of the borrowings.

#Interest accrued but not due has been included in interest bearing borrowings and excluded from other financial liabilities.

The Company from time to time in its usual course of business guarantees certain indebtedness of its subsidiaries. Accordingly, as of March 31, 2020 and March 31, 2019 Company has issued corporate guarantee against debt / advance aggregating ₹ 222,224 and ₹ 285,503 respectively. The outflow in respect of these guarantees arises only on any default / non-performance of the subsidiary with respect to the guaranteed debt / advance and substantial amount of such loans are due for payment after two years from the reporting date.

NOTES TO STANDALONE FINANCIAL STATEMENTS

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

35. Financial and capital risk (Contd..)

vi. Reconciliation of liabilities whose cash flow movements are disclosed as part of financing activities in the statement of cash flows:

Balance sheet caption	Statement of cash flows line item	April 1, 2019	Cash flows	FCCBs	Interest capitalised	Interest expense	Foreign exchange movement	Others	March 31 2020
Borrowings*	Proceeds / repayments of borrowings (including short-term)	396,518	(133,354)	65,012	-	-	11,364	47,328	386,868
Interest accrued but not due / derivative instruments	Interest and other finance charges paid	30,924	(74,653)	-	2,795	80,175	-	(11,009)	28,232

*It does not include deferred payment liabilities, finance lease obligations and bank overdraft.

2. Capital risk

The Company's objective while managing capital is to safeguard its ability to continue as a going concern (so that it is enabled to provide returns and create value for its shareholders, and benefits for other stakeholders), support business stability and growth, ensure adherence to the covenants and restrictions imposed by lenders and / or relevant laws and regulations, and maintain an optimal and efficient capital structure so as to reduce the cost of capital. However, the key objective of the Company's capital management is to, ensure that it maintains a stable capital structure with the focus on total equity, uphold investor; creditor and customer confidence, and ensure future development of its business activities. In order to maintain or adjust the capital structure, the Company may issue new shares, declare dividends, return capital to shareholders, etc.

The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions or its business requirements.

The Company monitors capital using a gearing ratio calculated as below:

	As of March 31, 2020	As of March 31, 2019
Borrowings	823,632	837,525
Less: Cash and cash equivalents	33,668	1,861
Less: Term deposits with bank	14	151
Net debt	**789,950**	**835,513**
Equity	1,014,292	983,059
Total capital	**1,014,292**	**983,059**
Capital and Net Debt	**1,804,242**	**1,818,572**
Gearing Ratio	**43.78%**	**45.94%**

36. COVID-19

COVID-19 pandemic has resulted in a nationwide locked down with restrictions imposed on movement of people and goods. Telecommunications and Internet Services have been mentioned as an "Essential" service in all government orders/notifications. Consequently, the Company formulated a robust Business Continuity Plan to ensure that its operations are not disrupted. The Company has considered a range of possible scenarios to understand potential outcomes on its business and plan appropriately.

A detail assessment has been carried out by the Company for each business segment with regards to impact on revenue and costs. Impact due to any extended credit terms, cancelled orders, change in contractual terms, price concession request, onerous obligations etc. were comprehensively evaluated for any risk due to COVID-19 on revenue recognized and collectability thereof and no material impact has been noted. The Company has not experienced any loss of significant customer on account of force majeure clauses in the revenue contracts. Besides, the Company has also assessed its other arrangements, including leasing and borrowing arrangements and no changes in terms of those arrangements are expected due to COVID-19. In borrowing

NOTES TO STANDALONE FINANCIAL STATEMENTS

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

36. COVID - 19 (Contd..)

arrangements, the Company has not defaulted and there is no breach of any of the debt covenants. Further, impairment testing of tangible assets and Company's investments in subsidiaries, joint ventures and associates was also re-performed to assess any potential impairment on account of COVID 19.

Based on the impairment assessment performed as at March 31, 2020, no further impairment was required to be recorded in the books of accounts.

The Company has also re-assessed its financial risk management policies and impact of any change on the related disclosures in the financial statements, on counterparty credit risk, liquidity risk and foreign currency risk and no material impact has been noted. Further, the Company has also evaluated its hedging arrangements and hedge effectiveness and no material impact was noted.

Accordingly, there is no material impact on the standalone financial statements for the year ended March 31, 2020.

37. Fair value of financial assets and liabilities

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

	Level	Carrying Value as of		Fair Value as of	
		March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
Financial Assets					
Fair value through profit or loss					
Derivatives					
- Currency swaps, forward and option contracts	Level 2	1,936	72	1,936	72
Investments	Level 1	86,750	16,696	86,750	16,696
Investments	Level 2	52	63	52	63
Amortised cost					
Loans and security deposits		194,832	161,847	194,832	161,847
Trade receivables		38,100	38,403	38,100	38,403
Cash and cash equivalents		33,668	1,861	33,668	1,861
Other bank balances		308	492	308	492
Other financial assets		256,493	21,840	256,493	21,840
		612,139	**241,274**	**612,139**	**241,274**
Financial Liabilities					
Fair value through profit or loss					
Derivatives					
- Currency swaps, forward and option contracts	Level 2	35	1,775	35	1,775
Amortised cost					
Borrowings- fixed rate	Level 1	144,416	68,528	137,579	67,019
Borrowings- fixed rate	Level 2	492,246	573,328	566,313	611,713
Borrowings- floating rate		186,970	196,043	186,970	196,043
Trade payables		192,478	191,245	192,478	191,245
Other financial liabilities		122,281	143,955	122,281	143,955
		1,138,426	**1,174,874**	**1,205,656**	**1,211,750**

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

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

ii. The fair value of non-current financial assets, other long-term borrowings and other financial liabilities is estimated by discounting future cash flows using current rates applicable to instruments with similar terms, currency, credit risk and remaining maturities.

NOTES TO STANDALONE FINANCIAL STATEMENTS

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

37. Fair value of financial assets and liabilities (Contd..)

iii. The fair values of derivatives are estimated by using pricing models, wherein the inputs to those models are based on readily observable market parameters. The valuation models used by the Company reflect the contractual terms of the derivatives (including the period to maturity), and market-based parameters such as interest rates, foreign exchange rates, volatility etc. These models do not contain a high level of subjectivity as the valuation techniques used do not require significant judgement and inputs thereto are readily observable.

The following table describes the key inputs used in the valuation (basis discounted cash flow technique) of the Level 2 financial assets / liabilities as of March 31, 2020 and March 31, 2019:

Financial assets / liabilities	Inputs used
Derivatives	
- Currency swaps, forward and option contracts	Forward currency exchange rates, interest rates
- Interest swaps	Prevailing / forward interest rates in market, interest rates
Fixed rate borrowings	Prevailing interest rates in market, future payouts, interest rates

During the year ended March 31, 2020 and year ended March 31, 2019, there were no transfers between Level 1 and Level 2 fair value measurements. None of the financial assets and financial liabilities are in Level 3.

38. Other matters

i. In 1996, the Company had obtained the permission from DoT to operate its Punjab license through one of its wholly owned subsidiary. However DoT cancelled the permission to operate in April, 1996 and subsequently reinstated in March, 1998. Accordingly, for the period from April 1996 to March, 1998 ('blackout period') the license fee was disputed and not paid by the Company.

Subsequently, basis the demand from DoT in 2001, the Company paid the disputed license fee of ₹ 4,856 for blackout period under protest. Consequently, the license was restored subject to arbitrator's adjudication on the dispute. The arbitrator adjudicated the matter in favour of DoT, which was challenged by the Company before Hon'ble Delhi High Court. In 2012, Hon'ble Delhi High Court passed an order setting aside the arbitrator's award, which was challenged by DoT and is pending before its division bench. Meanwhile, the Company had filed a writ petition for recovery of the disputed license fee and interest thereto. However, the single bench, despite taking the view that the Company is entitled to refund, dismissed the writ petition on the ground that the case is still pending with the larger bench. The Company therefore has filed appeal against the said order with division bench and is currently pending. DoT had also filed an appeal against the single judge order. Both these appeals are tagged together and are listed for final hearing.

ii. TRAI vide Telecom Interconnect Usages Charges Regulation (Eleventh Amendment) 2015 has reduced the IUC charges for mobile termination charges to 14 paisa from 20 paisa and abolished the fixed-line termination charges. The Company has challenged the said Regulation before the Hon'ble Delhi High Court and the matter is currently pending.